

# **The Knowledge and Accuracy Roles in Explaining the Business Communication on Customer Satisfaction inside SMEs**

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## **ABSTRACT**

One of the most important factors for the organization in facing the competitive circumstances inside the market, is (1) to win the market share through the maximization of sales or having as many buyers as possible; and (2) to deliver a satisfaction to the buyers, especially in achieving the expectations and needs of the buyers and/or customers. Unfortunately, the literature explains that some SMEs tend to deal with a business communication problem during the market share customer satisfaction development, for example, there is a personal interest of employee, which is the tendency in changing the information inside the company in every management levels, or the lack of product knowledge of sales person in communicating the detail information of product/service to the potential buyers. Over the application of quantitative method, this study collects the data from SMEs throughout a distribution of 115 questionnaires. As theoretical implication, this study finds that knowledge and accuracy inside business communication play a significant role on customer satisfaction development. In addition, as managerial contribution, this study also recommends a constructive guideline for business owners, especially SMEs to enhance their marketing strategy.

*Keywords: business communication, knowledge, accuracy, customer satisfaction, marketing strategy, SME*

## **1. INTRODUCTION**

Communication is considered as one of important elements in various fields of human life, including in the business fields, especially the entrepreneur context. Entrepreneur who is lack of communication skill seems to have less chance in surviving inside competitive market [1, 2]. Hence, in the perspective of marketing management, the entrepreneurs are expected to have a proper business communication skills and/or strategies in maintaining the sustainability of their premises, for example, the achievement of marketing targets that have been set earlier, or the preservation of the existing customers as well as to opportunity in getting a new customer [3]. Through the application of proper business communication strategy, an entrepreneur is considered to be able to potentially increase the sales or to achieve more profit for the company [1, 3]. However, with no correct business communication strategy, there will be some potential threats exist e.g. the product/service may not be recognized by buyers/markets or the difficulty in selling the product/service [4].

Furthermore, in the organization context, a communication with employees is also considered as one of vital elements on the product knowledge for the employees, for instance, the knowledge of employees in describing the offered products once they promote the product, for example, during having a marketing conversation with the potential buyer(s) [5]. If the employees are lack of product knowledge, the employees may face some problems, for example, the employees are difficult to communicate the detail information of a product/service to the potential buyers [6]. In contrast, with a correct/proper business communication strategy, especially in promoting the product/service, there may a positive

result the employees achieve in convincing the individuals or groups to know, understand, and eventually to buy the product/service [2, 6-8].

According to Fisher and Kordupleski [9], one of the most important factors for the organization in facing the competitive circumstances inside the market, is (1) to win the market share through the maximization of sales or having as many buyers as possible; and (2) to deliver a satisfaction to the buyers, especially in achieving the expectations and needs of the buyers and/or customers. One way to win market share is to get as many consumers as possible. Convenience and safety are also become central factors in reaching the customers. The company will succeed in obtaining a large number of customers if it is considered to be able to provide satisfaction for consumers. Customers who are satisfied, may recommend the product/service through a word of mouth approach. Hence, customer satisfaction is one of the most important concepts that companies must pay a great attention on it, if they want to improve their sales growth as well as become competitive within markets.

Based on the prior discussions above, this study finds several business communication problems exist within companies which are from Palopo, Indonesia. The problems are, for instance, the lack of proper information channel strategy that occurs in every companies' department due to the most common problem is there is a personal interest of employee, which is the tendency in changing the information inside the company in every management levels, e.g. top, middle, and/or bottom management level. Following this phenomenon, this study also finds that less literatures explain the impact of business communication on the customer satisfaction in the context of SMEs, especially in developing countries, such as Indonesia. As such, this study then aims to conduct a research entitled the analysis of business communication impact on the customer satisfaction.

### **1.1 Business Communication**

As one of marketing tools, business communication represents a combination of all the elements in a brand's marketing mix, which facilitates the exchange through the creation of value that is publicized for the customers or clients [10]. Business communications can be as anything, such as a cloth that is worn by a salesperson, price catalog, products/service, company office, etc. In the marketing context, there are 2 factors that are needed to be considered in developing an effective business communication: (1) knowledge: the ability of the sender of information in explaining whether the knowledge of information he/she owns and communicates can be received correctly by the recipient; and (2) accuracy: in order to reach the information recipient target, the sender of information needs to express accurately the information according to what is in the recipient target's frame of mind [11-13].

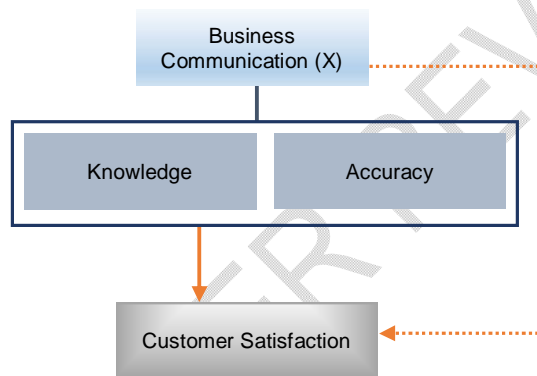
### **1.2 Customer Satisfaction**

According to Kotler and Alexander Rath [14], customer satisfaction is a pleasure or disappointment feeling of an individual (customer) after using a product/service whether such product/service fulfil individual's expectation. If the product/service meets the customer expectation, the customer is then satisfied, and *vice versa*. The level of customer's pleasure or, which is commonly referred to customer satisfaction, is the level of customer feelings after comparing what is received and what is expected. The study of Jacka and Keller [15] also denotes that the customer satisfaction is a person's feeling of pleasure or disappointment that arises after comparing the performance of a product/service towards the fulfilment of expectation. A number of studies also recommend that there are 3 factors generate the customer satisfaction, namely: (1) conformity of expectation, which is the level of conformity between product performance expected by the customer and that felt by the customer, including: products obtained meet or exceed expectations; services provided by employees meet or exceed expectations; supporting facilities obtained are in accordance

with or exceeding expectations; (2) interest to visit again, which is the willingness of customers to revisit or repurchase related products, including: the intention in visiting again because the service provided by employees is satisfactory; the intention in making a return visit because of the value and benefits obtained after consuming the product; the intention in visiting again because the supporting facilities provided are adequate; (3) willingness to recommend, which is the willingness of customers to recommend products they have experienced to friends or family, including: suggesting a friend or relative to buy the products offered because of satisfactory service; suggesting friends or relatives to buy the products offered because the supporting facilities provided are adequate; suggesting friends or relatives to buy the product offered because of the value or benefits gained after consuming a service product [8, 16, 17].

### 1.4 Theoretical Framework and Hypothesis

**Fig. 1. Theoretical Framework**



Data Generated, 2023)

Figure 1 demonstrates that this study intends to explore both partially (with the red-colored solid arrow) and simultaneously (red-colored dashed arrow) the role of business communication that is the independent variable (X) with four dimensions, which are (1) knowledge or X1, that is the ability of the sender of information in predicting whether the communications he/she develops and/or explains can be received by the recipient; (2) accuracy or X2, which is in order to reach the information recipient target, the sender of information needs to express accurately the information according to what is in the recipient target's frame of mind; on the customer satisfaction.

**Table 1. Research Variables and Indicators**

No	Variable	Indicator
1.	Business Communication (X)	Knowledge (X1)
		Accuracy (X2)
		Credibility (X3)
		Control (X4)
2.	Customer Satisfaction (Y)	Conformity of Expectation (Y1)
		Interest to Visit Again (Y2)
		Willingness to recommend (Y3)

(Data Generated, 2023)

Moreover, in line with the theoretical framework of this study, this study the proposes four research hypotheses in Table 2, namely:

**Table 2. Research Hypotheses**

No	Hypothesis	Detail
1	H1	Business communication through knowledge partially affects customer satisfaction significantly and positively.
2	H2	Business communication through accuracy partially affects customer satisfaction significantly and positively.
3	H3	Business communication through knowledge and accuracy simultaneously affects customer satisfaction significantly and positively.

(Data Generated, 2023)

## 2. MATERIAL AND METHODS

### 2.1 Research Design

A quantitative research method is applied within this study as well as the usage of a survey method with a questionnaire to explore and determine the effect of business communication of customer satisfaction inside Indonesian SMEs, particularly in Palopo, Indonesia. This study also applies a descriptive analysis approach, especially through the application of several statistical measurement tests, which are validity and reliability test as well as linear regression analysis that consists of T-test and F-test as well as a determinant test ( $R^2$ ) [2, 18].

### 2.1 Research Population and Sample

The research population of this study is SMEs, which are from Palopo, Indonesia. There 115 SMEs, as such, as recommended by **Sekaran and Bougie [18]**, this study is then supported using an approach of simple random sampling with the proportional sample size is around 80-100 samples. In addition, this study collects 88 returned questionnaires that meet the requirement for In line with this recommendation, this study then receives 86 filled and returned questionnaires that meet the requirement to be analyzed further.

## 3. RESULT AND DISCUSSION

### 3.1. Validity and Reliability Test

The results of validity test of this study find that all variables in this study have positive score of r-count, where the r-count score of each variable and indicator is higher than r-table. As suggested by Sekaran and Bougie [18], the rule of thumb in determining whether the variable is valid or not, is in the score of r-count, if r-count is higher than r-table, then the variable is valid, *vice versa*. The results of validity test of this study are described in the following Table 3. In the Table 3, the results show that all variables have a higher r-score than r-table score. Therefore, all variables in this study then meet the requirement to be further analyzed.

**Table 3. The Results of Validity Test**

No	Variable	Indicators	r-table	r-count
1	Business Communication (X)	X1	0.359	0.773
		X2	0.359	0.518
2	Customer Satisfaction (Y)	Y1	0.359	0.705
		Y2	0.359	0.844
		Y3	0.359	0.653

(Data Processed, 2023)

Furthermore, the results of reliability test are shown in the following Table 4. According to the Table 3, it shows that all variables in this study are reliable because the results of reliability test show that each variable in this study has a greater Cronbach's Alpha score than 0.60. For example, as shown in Table 4, variable X has 0.857 Cronbach's Alpha score. The rest

variables have also Cronbach's Alpha score greater than 0.60. Based on the results in Table 3, which show that all variables are reliable, as such this study recommends that all variables of this study meet the requirement for further analysis.

**Table 4. The Results of Validity and Reliability Test**

No	Variable	Indicator	Cron. Alpha
1.	Business Communication (X)	Knowledge	0.857
		Accuracy	
2.	Customer Satisfaction (Y)	Conformity of Expectation	0.883
		Interest to Visit Again	
		Willingness to recommend	

(Data Processed, 2023)

### 3.2. Inferential Statistical Analysis Linear Regression (T-test and F-test)

Linear regression analysis is a method used to determine the accuracy of the influence predictively that occurs between the independent variable (business communication) on the dependent variable (customer satisfaction). The full results of linear regression analysis, which are T-test and F-test can be seen in the following Table 5 and 6.

#### T-Test

T-test or hypothesis analysis is applied in this study in order to determine the significant relationship between business communication indicators partial effect, which are knowledge and accuracy, on customer satisfaction. The results of T-test are demonstrated in the following Table 5 below.

**Table 5. The Results of T-Test Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	22.754	5.91		3.85	.000
	knowledge	.351	.081	.492	4.34	.026
	accuracy	.193	.074	.258	2.61	.000

a. Dependent Variable: customer satisfaction

(Data Processed, 2023)

As shown in Table 5, the results show that knowledge (X1) has 0.026 significance score, and hence, this study suggests that knowledge plays significant role on customer satisfaction due to the significance score of knowledge is lower than 0.05. As such, H1 is accepted and H0 is rejected. Likewise, the results in Table 5 also show that the significance score of accuracy (X2) is 0.000, in other words, such score is lower than 0.05. Therefore, this study recommends that H2 is accepted and H0 is rejected.

Following Table 5, this study the recommends the formulation below:

$$Y = a + b1X1 + b2X2$$

$$Y = 22.754 + 0.351X1 + 0.193X2$$

Based on the above formula, this study confirms that:

- The constant score is 22.754, which means that, if there is no additional variables, which are knowledge and accuracy, then the customer satisfaction score remains 22.754.
- The “b1” score in the formula, which is 0.351, represents the regression coefficient value of X1, in other words, if the knowledge score increases at 1 level then the customer satisfaction score also escalates for 0.351 where X2 is constant.
- The “b2” score within the formula, which is 0.193, represents the regression coefficient score of X2, or if the accuracy score escalates at 1 level, the customer satisfaction score also rises for 0.193 where X1 is constant.

### F-Test

F-test is used in this study in order to identify the significance level of independent variable (business communication) simultaneously on dependent variable (customer satisfaction). The results of F-test are displayed in the following Table 6.

**Table 6. The Results of F-Test**

**ANOVA<sup>a</sup>**

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	735,294	2	367,647	36,202	.000 <sup>b</sup>
	Residual	863,216	85	10,155		
	Total	1588,911	87			

a. Dependent Variable: customer satisfaction

b. Predictors: (Constant), knowledge, accuracy  
(Data Processed, 2023)

Based on the Table 6, this study suggests that the significance probability score is 0,000. Following the rule of thumb, which is the independent variables significantly and affects simultaneously on the dependent variables once the score of significant probability between both kinds of variables is not more than or equal to 0.05. AS such, this study denotes that business communication with its indicators, knowledge and accuracy, simultaneously affect significantly the customer satisfaction. Based on this finding, this study confirms that H3 is accepted and H0 is rejected.

### 3.3. Coefficient of Determination (R Square Test)

**Table 7. The Results of Coefficient of Determination Analysis**

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.529 <sup>a</sup>	.266	.183	3.941

a. Predictors: (Constant), knowledge, accuracy

(Data Processed, 2023)

Based on Table 7, this study implies that the score of determination coefficient is 0.266. In other words, this study suggests that business communication followed by its indicators affects significantly and positively the customer satisfaction inside SMEs that are located in

Palopo, Indonesia with the significant score is 26.6%. The residual score, which 73.4%, is explained and/or influenced by other variables that are excluded within this study.

## **4. CONCLUSION AND RECOMMENDATION**

### **4.1. Conclusion**

Based on the findings of this study, this study intends to conclude that business communication significantly affects customer satisfaction positively within the experience of SMEs that are from Palopo, Indonesia. The findings of this study also indicate that knowledge and accuracy in communicating the product/service of SMEs play a significant role on the customer satisfaction. Most of respondents, which are the managers of SMEs explain that the communication over departments inside SMEs tends to be invalid at the end once the information that wants to be shared, is changed by some people in several departments who have a personal interest in changing the actual and/or valid information. Other problem is if a sales person of SMEs explains the product/service during the promotion event with less of product knowledge, it then makes the potential buyer confused and consequently such potential buyer then feels unsatisfied with the product/service explanation from such sales person. This then creates a miss-knowledge and inaccuracy communication between sales person and potential buyers and/or the existing customers, who are looking for other product/service from a similar seller. The results, which are found within this study, are also similar with the prior studies, for example, the study of Putri and Ruliana [19], which explains that business communication plays important role on customer satisfaction.

### **4.2. Recommendation**

This study recommends that business communication is a central to maintenance and/or develop the level of customer satisfaction, especially for SMEs. Following such recommendation, this study then is supported to contribute in the body of literature, given the fact that less literatures explain the impact of business communication on the customer satisfaction in the context of SMEs, especially in developing countries, such as Indonesia. Likewise, in order to offer a managerial contribution, this study suggests that the findings of this study are important to assist the business owners, particularly SMEs, to plan, organize, actuate, and evaluate their strategies, e.g. marketing strategies, to come up with the better marketing goals achievement that eventually provide a better profit maximization.

Furthermore, there is several limitations are found within this study, namely: (a) the limitation of research sample size; and (b) the limitation of research time span. Following these limitations, this study then strongly suggests the academicians, researchers, or scholars to conduct a future research in explaining the role of business communication on customer satisfaction with an adequate of research sample size and time span. Additionally, the future research is also suggested to explore the role of business communication on other variables that may be benefit to enrich the marketing literature in particular, and management literature in general.

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