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The relationship between employee satisfaction and customer loyalty: The mediating role of customer experience

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Abstract: This study examines the relationship between employee satisfaction (ESAT) and customer loyalty (CLOY) in traditional restaurants in Ho Chi Minh City, Vietnam. It specifically investigates the mediating roles of customer experience (CX) and employee loyalty (ELOY), contributing to the Service Profit Chain (SPC) framework and Herzberg's Two-Factor Theory in the food and beverage (F&B) industry. Analyzing data from 306 matched employee-customer pairs using Partial Least Squares Structural Equation Modeling (PLS-SEM), the results reveal that ESAT significantly enhances CX, which in turn strongly influences CLOY. However, ELOY does not mediate the ESAT-CLOY relationship. Additionally, motivators exert a greater influence on ESAT than hygiene factors, highlighting the critical role of intrinsic rewards in employee motivation. This study extends the SPC framework by confirming CX as a full mediator between ESAT and CLOY in traditional restaurants. It also reinforces Herzberg's Two-Factor Theory by emphasizing the stronger impact of motivators over hygiene factors on ESAT, underscoring the importance of employee engagement in service quality improvement. Restaurant managers should focus on enhancing CX through employee engagement, training, and service quality improvements. Investing in employee motivation—particularly through recognition and career development—can significantly improve ESAT, leading to better CX and sustained customer loyalty.

Keywords: *Customer experience, Customer loyalty, Employee loyalty, Employee satisfaction, F&B industry, Herzberg, Service Profit Chain.*

1. Introduction

The restaurant industry in HCMC represents a dynamic and highly competitive segment of Vietnam's service sector, contributing significantly to the local economy. Traditional restaurants, catering to the growing demand for cultural authenticity and high-quality service, play a crucial role in this industry. However, as consumer expectations rise, achieving CLOY has become increasingly challenging. The SPC theory has demonstrated that ESAT, particularly among frontline staff, directly influences service quality and CLOY [1-7]. Nevertheless, limited research has explored this relationship in the unique context of Vietnam's traditional restaurant sector.

To address this theoretical gap, this study examines the relationship between ESAT and CLOY, emphasizing the mediating roles of ELOY and CX. The research model integrates Herzberg's Two-Factor Motivation Theory, which provides a framework for analyzing Motivator's and Hygiene's influencing ESAT, with the SPC model, which links ESAT to CLOY. By combining these theories, the study offers a comprehensive exploration of the mechanisms driving both employee and CLOY in the service sector.

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Using PLS-SEM analysis on 306 paired responses from employees and customers in traditional restaurants in HCMC, the study finds that Motivator's have a stronger impact on ESAT than Hygiene's. Additionally, CX plays a significant mediating role between ESAT and CLOY. These findings provide valuable insights for managers seeking to enhance organizational performance through improvements in ESAT and CLOY.

2. Literature Review and Research Model

2.1. Theoretical Background

Herzberg's Two-Factor Theory Herzberg [8] classifies factors influencing ESAT into two categories: Motivator's and Hygiene's. Motivator's (e.g., recognition, responsibility, career advancement opportunities) directly enhance job satisfaction by fulfilling intrinsic needs, whereas Hygiene's (e.g., workplace policies, compensation, managerial support) prevent dissatisfaction but do not inherently drive motivation. Both factors are essential for maintaining a satisfied and productive workforce.

The SPC theory by Heskett, et al. [1] highlights the interconnected relationships among internal service quality, ESAT, employee retention, external service quality, customer satisfaction, CLOY, and corporate profitability. Empirical studies Loveman [2] and Pelaez M and Roman Calderon [6] have validated SPC across various service industries, demonstrating that investment in ESAT enhances customer retention and revenue growth. However, research on the application of SPC in traditional restaurant settings in emerging markets such as Vietnam remains limited.

Emotional Contagion Theory Hatfield, et al. [9] explains the automatic tendency to mimic and synchronize facial expressions, vocal tones, and gestures, leading to emotional convergence. This theory has been widely applied to analyze employee-customer interactions in service encounters. Hennig-Thurau, et al. [10] found that positive emotions exhibited by satisfied employees directly influence CX and CLOY. Furthermore, Du, et al. [4] emphasized that emotional susceptibility amplifies the impact of employees' expressed negative (or positive) emotions on customers' emotional responses during service interactions.

2.2. Key Constructs in This Study Include

- **ESAT**: An affective state arising from the appraisal of one's job as fulfilling or facilitating the attainment of work values [11].
- **ELOY**: An employee's commitment to remain with an organization despite challenges, driven by belief in its values and goals [12].
- **CX**: A multidimensional process reflecting cumulative interactions between customers and a business, influencing future loyalty and purchasing decisions [13].
- **CLOY**: A deep commitment to repurchase or re-patronize a preferred product/service consistently, coupled with psychological allegiance to the brand [14].

2.3. Research Hypotheses and Model

Several studies have expanded the SPC framework [2, 5-7, 15] confirming its validity across various service contexts. These studies demonstrate that investing in ESAT enhances customer retention and revenue growth. Furthermore, the emotional contagion theory [9] has been widely applied to elucidate the relationship between employees and customers in service interactions. Mandal [16] emphasizes the crucial role of frontline employees in co-creating service value, as their competencies and work attitudes significantly shape CX and, consequently, service effectiveness.

The ESAT is conceptualized within Herzberg's Two-Factor Theory [8] and prior research has explored its impact on CLOY through mediators such as service quality and customer satisfaction. However, no studies have integrated Herzberg's framework with the SPC to examine employee–

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customer relationships in Vietnamese restaurants. Additionally, the interplay between Motivator's and Hygiene's in shaping ESAT and CX remains underexplored.

Addressing this research gap, the present study investigates the effects of motivational factors (Herzberg's Two-Factor Theory) on ESAT and its subsequent influence on CLOY through CX and ELOY in traditional restaurants in HCMC. The research model (Figure 1) positions ESAT (comprising Motivator's and Hygiene's) as the independent variable, CLOY as the dependent variable, and CX and ELOY as mediators, offering a comprehensive framework for empirical analysis.

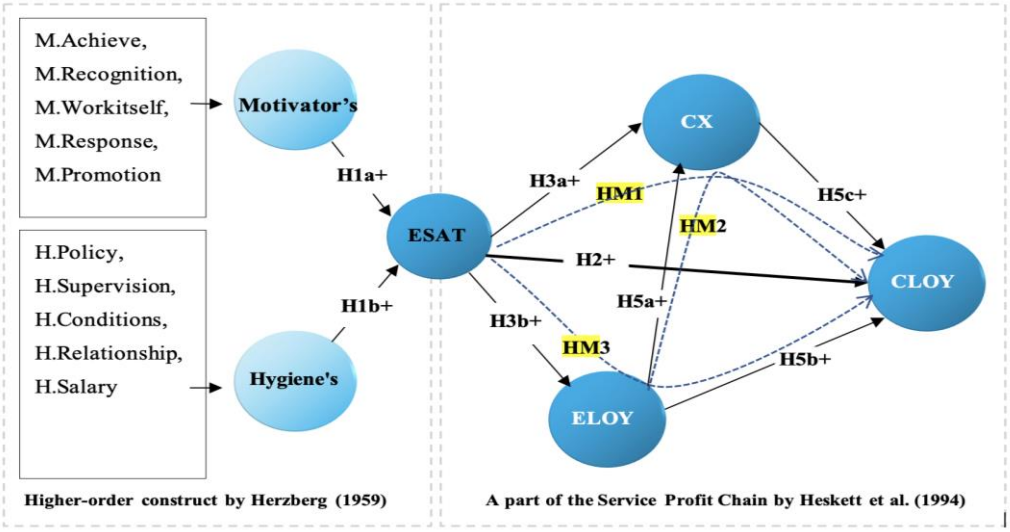

Figure 1.
Research Model.

Figure 1 illustrates a comprehensive framework that explains how a firm's internal operations, specifically, ESAT (encompassing both motivator and Hygiene's) and ELOY, are transformed into customer perceptions and behaviors (namely, CX and CLOY), which in turn drive improved business performance. The following research overview supports the above hypotheses:

Herzberg's Two-Factor Theory Herzberg [8] posits that ESAT is influenced by Motivator's and Hygiene's, both empirically linked to job satisfaction [17]. Motivator's, including career growth, recognition, and challenging tasks, significantly enhance ESAT [18, 19] supporting H1a. While Hygiene's primarily mitigate dissatisfaction, their effective management—particularly in frontline roles—can also enhance ESAT, aligning with H1b [20, 21]. H1a: Motivator's positively influence ESAT; H1b: Hygiene's positively influence ESAT.

The SPC theory Zeglat, et al. [7] and Hogreve, et al. [15] demonstrates that ESAT has an indirect relationship with CLOY, mediated by service quality and emotional contagion. Satisfied employees tend to deliver higher-quality services, leading to enhanced CX and, consequently, greater loyalty. Research has confirmed that ESAT improves customers' perceptions of service quality through service interactions, as explained by Emotional Contagion Theory [4] thereby driving CLOY. Customer satisfaction can be further amplified with a stronger orientation toward CLOY. These studies collectively indicate that ESAT influences CLOY through emotional contagion, mediated by service quality, job performance, and customer satisfaction, fostering better experiences and stimulating repeat purchases. Empirical evidence also examined the direct relationship between ESAT and CLOY in the context of family restaurants in South Korea, revealing no direct link between ESAT and CLOY (β = -

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0.05, $p > 0.05$), while identifying customer satisfaction as a full mediator [3]. This supports hypothesis H2, stating that ESAT positively influences CLOY.

The SPC framework suggests that ESAT positively influences ELOY within an organization [1]. Subsequent research reconceptualized retention as ELOY and empirically confirmed a strong positive relationship between ESAT and ELOY [2]. Further studies have substantiated this linkage, demonstrating that improved ESAT significantly elevates loyalty levels ($\beta = 0.788$, $p < 0.01$) [22]. Similarly, ESAT has been found to have a direct and substantial impact on ELOY ($\beta = 0.81$, $p < 0.01$) [23]. Extending the SPC framework, research has identified a positive association between ESAT and ELOY ($\beta = 0.421$, $p < 0.005$), even when accounting for customer retention as a parallel factor [7]. Additionally, an analysis of foreign direct investment (FDI) sectors in Vietnam further supports this relationship ($\beta = 0.52$, $p < 0.01$) [24]. Collectively, these empirical findings provide robust evidence to validate hypothesis H3b, which states that ESAT positively influences ELOY.

Service interactions inherently drive CLOY through ESAT, as employees' attitudes and behaviors shape CX [9]. This underscores both the direct and indirect effects of ESAT on CX and CLOY, with CX acting as a mediator, aligning with the SPC theory [25]. Research further asserts that ESAT enhances employee experience (EX), subsequently improving CX and reinforcing CLOY [6, 26]. Additionally, superior CX stems from engaged and empowered employees [27] while motivated employees provide higher-quality service, fostering positive CX [28]. The strong correlation between ESAT and CX ($r = 0.705$, $p < 0.01$) underscores ESAT's role as a key organizational performance indicator.

Empirical studies affirm CX's significant impact on CLOY. Research has examined the bidirectional relationship between CX and CLOY across multiple service channels [29, 30]. Furthermore, studies confirm CX's positive effect on CLOY ($\beta = 0.269$, $p < 0.05$) and highlight the role of real-time mobile experiences in strengthening loyalty [31, 32]. In Vietnam's aviation sector, CX has been identified as a precursor to passenger satisfaction and loyalty [33].

Collectively, these findings reinforce CX's dual role as both an outcome of ESAT and a determinant of CLOY, providing strong theoretical and empirical support for the following hypotheses: H3a (ESAT positively influences CX), H5c (CX positively influences CLOY), and HM1 (CX mediates the relationship between ESAT and CLOY).

The SPC theory Heskett, et al. [25] posits that ELOY fosters organizational trust and commitment, enhancing CLOY through improved service quality and customer satisfaction—key dimensions of CX. This perspective is supported by research highlighting the role of ELOY—driven service quality in strengthening CX and, consequently, CLOY. Additionally, frontline employee autonomy in service interactions benefits firms, reinforcing CX's multidimensional nature in shaping CLOY [13].

Empirical findings indicate that while ELOY has a modest direct effect on CLOY ($\beta = 0.22$, $p < 0.05$) [6, 23] its impact is primarily mediated by CX. This supports the following hypotheses: H5a (ELOY positively influences CX), H5b (ELOY positively influences CLOY), and HM2 (CX mediates the relationship between ELOY and CLOY).

Expanding on the SPC framework, research suggests that ESAT enhances ELOY, improving service performance and retention, which ultimately strengthens CLOY [1]. Additionally, employees' emotional commitment positively impacts customer relationships, increasing satisfaction and loyalty [6]. Employee-customer interactions are conceptualized as a reinforcing cycle, where employee experience (EX) and CX drive loyalty and revenue growth [13, 34]. Furthermore, ESAT has been shown to have a strong direct effect on ELOY ($\beta = 0.81$, $p < 0.01$) and an indirect influence via CX [23].

To examine CX and CLOY's mediating roles in Vietnam's traditional restaurant sector, this study proposes hypothesis HM3, stating that ELOY mediates the relationship between ESAT and CLOY.

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3. Research Methodology

This study adopts a mixed-method approach, combining qualitative and quantitative techniques to ensure comprehensive data collection and analysis. The research methodology is structured into two phases:

Qualitative Phase: Semi-structured interviews with restaurant managers and employees, alongside focus group discussions with academic experts and industry professionals, were conducted to refine the research constructs and adapt them to the local cultural context.

Quantitative Phase: A structured survey was designed to test the proposed research model, employing Partial Least Squares Structural Equation Modeling (PLS-SEM) for statistical analysis.

3.1. Data Collection and Sampling Strategy

The target population of this study consists of employees and customers of traditional restaurants in HCMC, Vietnam. A paired sampling technique (1:1 ratio) was applied, meaning that each customer response was linked to the corresponding employee response from the same restaurant.

Following Hair [35] the minimum required sample size was determined using the formula 10×3 (the largest number of predictors in the model), resulting in a required minimum of 30 valid responses. To ensure robustness, a total of 720 questionnaires were distributed, ultimately yielding 306 valid employee-customer dyads that met the inclusion criteria: (1) Employees: At least six months of work experience in the restaurant. (2) Customers: Must have dined at the restaurant at least twice.

3.2. Measurement Instruments

Measurement scales were adapted from validated prior studies and were modified through expert consultations and a pilot test to ensure suitability for the Vietnamese restaurant industry context (Table 1). Measurement used 5-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree).

Table 1.
Construct Measurement and Source

Construct	Indicators	Measurement Source
Hygiene (Higher-order construct)	H.Policy, H.Supervision, H.Conditions, H.Relationship, H.Salary	Teck-Hong, et al. [36]; Syptak, et al. [19] and Jung and Yoon [3]
Motivator's (Higher-order construct)	M.Achieve, M.Recognition, M.Workitself, M.Response, M.Promotion	Herzberg [8]; Syptak, et al. [19]; Jung and Yoon [3]; Teck-Hong, et al. [36] and Huong [37]
ESAT	ESAT1, ESAT2, ESAT3	Jun, et al. [22]
ELOY	ELOY1, ELOY2, ELOY3, ELOY4	Jun, et al. [22]
CX	CX1, CX2, CX3, CX4, CX5	Deloitte [27]
CLOY	CLOY1, CLOY2, CLOY3, CLOY4	Jung and Yoon [3]

The reliability and validity of these constructs were assessed using PLS-SEM measurement validation procedures by Smart PLS 3.

3.3. Data Analysis Approach

The study employed Partial Least Squares Structural Equation Modeling (PLS-SEM) via SmartPLS 3, selected for its ability to handle complex models with mediating effects and moderate sample sizes [35]. First, the study uses a two-stage approach through iterative indicator methods to handle high-order variability. Second, the analysis proceeded through three sequential stages: (1) Measurement Model Evaluation: Assessing reliability, convergent validity, and discriminant validity. (2) Structural Model Evaluation: Testing the direct and indirect relationships among constructs. (3) Mediation Analysis: Investigating the mediating roles of CX and ELOY.

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4. Results and Discussion

4.1. Descriptive Statistics

A total of 306 employee-customer dyads were analyzed. Table 2 summarizes the demographic distribution of the sample.

Table 2.
Descriptive statistics of the sample.

Variable	Employees (n = 306)	Customers (n = 306)
Gender	49% Male, 51% Female	64.1% Male, 35.9% Female
Age	<25: 38.2%, 25-45: 49.1%, >45: 12.7%	<25: 26.0%, 25-45: 73.5%, >45: 0.5%
Position	90% frontline staff, 9.8% managerial roles	N/A
Income	N/A	<5M VND: 13.4%, >10M VND: 73.5%

The majority of employees were frontline service workers (90%), while customers were predominantly in the 25–45 age group (73.5%), indicating they are working professionals who frequently dine out.

4.2. Measurement Model Evaluation

The measurement model was assessed through construct reliability, convergent validity, and discriminant validity using PLS-SEM (SmartPLS 3).

4.2.1. Reliability and Convergent Validity

Table 3 presents the results of Outer Loading, Cronbach's alpha, composite reliability (CR), and average variance extracted (AVE), confirming that all constructs met the required thresholds.

Table 3.
Reliability and Convergent Validity Analysis

Construct	Outer Loading (≥ 0.7)	Cronbach's Alpha (≥ 0.7)	rho_A (≥ 0.7)	AVE (≥ 0.5)
Hygiene (Higher-order construct)	0.557 - 0.912	Causal structure does not need to be evaluated.		
Motivator's (Higher-order construct)	0.686 - 0.895			
CLOY	0.779 - 0.873	0.830	0.876	0.658
CX	0.740 - 0.876	0.821	0.831	0.651
ELOY	0.764 - 0.875	0.845	0.896	0.683
ESAT	0.723 - 0.903	0.777	0.869	0.690

All Outer Loading, rho_A, and Cronbach's alpha values exceeded 0.70, indicating high internal reliability [35]. Additionally, AVE values were above 0.50, confirming sufficient convergent validity.

4.2.2. Discriminant Validity

Discriminant validity was tested using the Heterotrait-Monotrait Ratio (HTMT), with all values below the recommended 0.85 threshold (Table 4) [35] indicating satisfactory discriminant validity.

Table 4.
Discriminant Validity (HTMT Values).

	CLOY	CX	ELOY	ESAT
CLOY	-			
CX	0.750	-		
ELOY	0.533	0.846	-	
ESAT	0.496	0.844	0.792	-

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4.3. Structural Model Evaluation

The structural model was tested using path coefficients (β-values), statistical significance (p-values), and variance explained (R^2 values) shown in Figure 2 are extracted from the PLS-SEM algorithm and Bootstrapping 5000 analysis results.

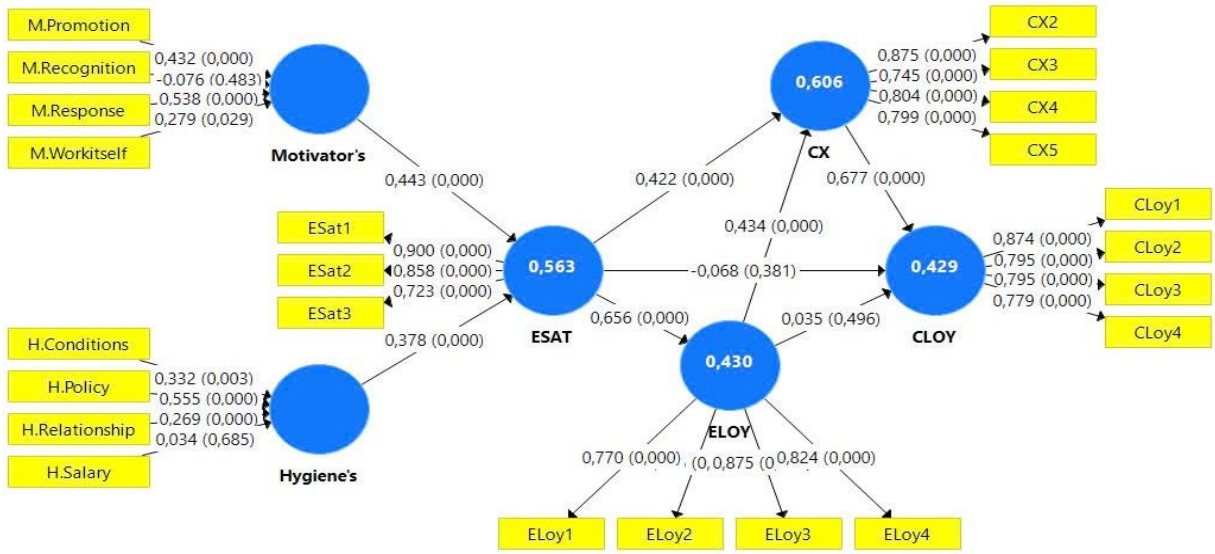

Figure 2.
Structural equation model with path and R^2 parameters.

As illustrated in Figure 2, the R^2 value for CLOY is 0.429 (the lowest value), indicating that 42.9% of the variance in CLOY is accounted for by the exogenous variables within its measurement scale, thereby satisfying the structural model requirements [38]. Consequently, this research model exhibits moderate to high explanatory capacity for the dependent variables through the exogenous measurement scales.

Table 5.
Results of Internal VIF Value.

	CLOY	CX	ELOY	ESAT
CLOY				
CX	2.540			
ELOY	2.232	1.754		
ESAT	2.205	1.754	1.000	
Hygiene's				1.819
Motivator's				1.819

As shown in Table 5, the maximum inner variance inflation factor (VIF) value is 2.54, which is below the threshold of 3. This suggests that the inner structural model does not violate multicollinearity assumptions. Therefore, the structural model is appropriate for evaluating causal relationships [35].

The structural model was tested using path coefficients (β-values), statistical significance (p-values), and Decision. The results of Structural Model Path Coefficients (Table 6) confirm that ESAT does not exert a direct impact on CLOY, as the p-value of 0.389 exceeds the 0.05 threshold, leading to the rejection of hypothesis H2. Similarly, ELOY fails to directly influence CLOY ($p = 0.490 > 0.05$),

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resulting in the rejection of hypothesis H5b. Conversely, the direct effects of hypotheses H1a, H1b, H3a, H3b, H5a, and H5c were supported.

Table 6.
Structural Model Path Coefficients.

Direct Path and hypothesis		β-Value	t-Statistic	p-Value	Decision
H1a	Motivator's -> ESAT	0.443	8.087	0.000	Supported
H1b	Hygiene's -> ESAT	0.378	6.983	0.000	Supported
H3b	ESAT -> ELOY	0.656	19.496	0.000	Supported
H3a	ESAT -> CX	0.422	5.781	0.000	Supported
H2	*ESAT -> CLOY*	-0.068	0.863	0.389	Not Supported
H5a	ELOY -> CX	0.434	6.743	0.000	Supported
H5b	*ELOY -> CLOY*	0.035	0.691	0.490	Not Supported
H5c	CX -> CLOY	0.677	7.966	0.000	Supported

5. Mediation Analysis

To further explore mediation effects, bootstrapping with 5,000 resamples was conducted to examine indirect effects (Table 7), following Zhao, et al. [39] and Nitzl [40] who advocate for this method in mediation analysis. The results indicate:

(1) CX fully mediates the relationship between ESAT and CLOY. The direct effect is nonsignificant ($p = 0.389$), whereas the indirect effect via CX is robust ($\beta = 0.285$, $p < 0.001$). Thus, hypothesis HM1 is supported.

(2) ELOY does not significantly influence CLOY (Table 6). Customer interactions (CX) ($\beta = 0.294$, $p < 0.001$) demonstrate a stronger mediating role compared to employee retention (ELOY) ($\beta = 0.023$, $p = 0.494$). Consequently, hypothesis HM2 is supported, while HM3 is rejected.

Table 7.
Mediation Effects.

Mediation Path and hypothesis		β-Value	t-Statistic	p-Value	Decision
HM1	ESAT → CX → CLOY	0.285	4.393	0.000	Full Mediation
HM2	ELOY → CX → CLOY	0.294	5.353	0.000	Full Mediation
HM3	ESAT → ELOY → CLOY	0.023	0.685	0.494	Not Supported

Findings indicate Table 7**:** (1) CX is a full mediator between ESAT and CLOY. (2) ELOY does not mediate the ESAT-CLOY relationship, suggesting that CX is a more crucial mechanism.

5.1. Discussion of Findings

5.1.1. ESAT and CLOY

A key finding of this study is that ESAT does not directly influence CLOY ($\beta = -0.068$, $p = 0.389$). Instead, CX fully mediates this relationship, supporting the SPC theory and similarity by results of previous research that assumed a direct link between satisfied employees and loyal customers [1, 3]. Comparison with Previous Research:

- Research has shown that ESAT indirectly influences CLOY through customer satisfaction in family restaurants in South Korea, suggesting that hierarchical workplace structures may play a role in shaping service quality [3].
- A European study further supports this finding, demonstrating that ESAT indirectly impacts CLOY through service quality, aligning with the results of this study [5].

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5.2. The Strong Influence of CX

Our study confirms that CX is the strongest determinant of CLOY, with statistical evidence indicating a full mediating effect ($\beta = 0.677$, $p < 0.001$) (see Table 7). This finding aligns with prior research highlighting the critical role of CX in enhancing loyalty outcomes, as enhanced service interactions create lasting customer engagement [1, 6, 26-33].

5.3. Comparison with Previous Research

- The research suggests that CLOY emerges from the service interaction process, wherein ESAT is manifested through CX, indicating that CX plays a pivotal role in mediating the impact of internal operational factors on customer outcomes [9].
- According to the SPC framework, while ESAT can influence CLOY directly, its primary effect is channeled indirectly through CX, encompassing external service quality and customer satisfaction [1]. This supports the notion that CX serves as a full mediator between ESAT and CLOY.
- Further studies explain that ESAT contributes to exceptional CX, thereby indirectly boosting CLOY, reinforcing the view that CX is the key conduit through which employee attitudes translate into loyal customer behavior [6, 26].
- Additionally, variations in CX have been shown to significantly affect CLOY, further substantiating the full mediation role of CX [29, 30].

5.4. Practical Implications

- The research underscores that outstanding CX begins with exceptional EX, emphasizing the practical importance of focusing on CX as a strategic approach to improving overall business performance [27].

Finally, by recognizing CX as the complete mediator between ESAT and CLOY, organizations can prioritize initiatives that enhance customer interactions, ultimately driving better business outcomes. The findings underscore the necessity for restaurants to shift their focus from purely transactional service models to experience-driven engagement strategies.

5.5. The Limited Influence of ELOY

Interestingly, ELOY does not have a significant direct influence on CLOY ($\beta = 0.035$, $p = 0.490$). This finding aligns with research emphasizing the importance of long-term employee retention in maintaining service quality [1].

- Research suggests that ELOY enhances service consistency, leading to greater CLOY [1]. However, this study indicates that CLOY is more dependent on immediate service experiences rather than employee tenure.
- Studies have argued that while ELOY exerts a positive direct effect on CLOY, its impact remains limited. This is likely due to customers' minimal direct awareness of ELOY, as their perceptions are more strongly shaped by their overall CX [6]. Consequently, the mediating role of CX becomes more pronounced, whereby improvements in ELOY indirectly foster greater CLOY through enhanced CX. Empirical evidence supporting this modest direct relationship indicates a small positive effect ($\beta = 0.22$, $p < 0.05$) [23].

These findings suggest that restaurant managers should prioritize service quality training and employee-customer engagement strategies rather than relying solely on employee retention policies.

5.6. The Influence of Motivator's vs. Hygiene's in ESAT

This study reinforces Herzberg's Two-Factor Theory by demonstrating that motivators—including achievement, recognition, the work itself, responsibility, and opportunities for growth—exert a

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significantly stronger influence on ESAT than hygiene factors, which encompass company policies, supervision, salary, interpersonal relations, and working conditions. Specifically, the relationship between motivators and ESAT was found to be $\beta = 0.443$ ($p < 0.01$), while the corresponding effect of hygiene factors on ESAT was $\beta = 0.378$ ($p < 0.01$). This suggests that restaurant managers should emphasize career progression and recognition to enhance job satisfaction rather than focusing solely on salary adjustments. Although the influence of motivators is more pronounced, these results highlight the necessity of considering both factors in strategic planning to enhance ESAT. These findings align with previous research confirming the importance of Herzberg's framework in job satisfaction studies [17-21].

6. Conclusion and Managerial Implications

6.1. Conclusion

This study, grounded in Herzberg's Two-Factor Theory and the SPC framework, investigates the relationship between ESAT and CLOY in the traditional restaurant industry in HCMC, Vietnam. The findings highlight the critical mediating role of CX while revealing that ELOY does not significantly mediate this relationship. Additionally, Motivator's exert a stronger influence on ESAT than Hygiene's, underscoring the need for effective human resource strategies and CX optimization to enhance CLOY.

6.2. Managerial Implications

6.2.1. Enhancing Human Resource Strategies

Findings indicate that Motivator's play a more significant role than Hygiene's in shaping ESAT. As shown in Table 8, the highest-impact factors were responsibility (M.Response, Mean = 4.020), job nature (M.Workitself, Mean = 4.007), and career advancement (M.Promotion, Mean = 3.913).

Table 8.
Impact of Motivator's and Hygiene's on ESAT.

Factor Type	Indicator	Mean Value
Hygiene's	H.Conditions	3,785
	H.Policy	3,868
	H.Relationship	3,809
	H.Salary	3,614
Motivator's	M.Promotion	3,913
	M.Recognition	3,588
	M.Response (Responsibility)	4,020
	M.Workitself	4,007

7. Recommendations

- Implement structured career development programs to improve employee retention.
- Foster a culture of recognition and empowerment, allowing employees to take greater ownership of their roles.
- Provide regular training programs focused on service excellence, particularly in customer interaction skills.

7.1. Optimizing CX

CX emerged as the strongest desterminant of CLOY ($\beta = 0.677$, $p < 0.001$). Given its full mediation effect, managerial focus should shift toward enhancing service interactions and creating personalized dining experiences. Recommendations:

- Design immersive and engaging service environments that go beyond basic service delivery.

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- Leverage digital feedback mechanisms (e.g., QR-based surveys) to continuously refine customer interactions.
- Train employees in emotional intelligence and personalized customer engagement to enhance perceived service quality.

7.2. Rethinking ELOY Strategies

Unlike previous studies, this research did not find a direct or mediating effect of ELOY on CLOY. This suggests that merely retaining employees is insufficient; instead, the focus should be on enhancing employee-customer engagement quality. Recommendations:

- Incentivize frontline employees based on customer satisfaction metrics rather than tenure.
- Foster an internal culture that prioritizes service quality, ensuring employees remain engaged beyond tenure considerations.
- Encourage knowledge sharing among experienced employees to maintain consistency in service delivery.

7.3. Theoretical Contributions

This study extends existing literature by integrating Herzberg's Two-Factor Theory with the SPC framework. Key theoretical contributions include:

- Validation of the SPC in a traditional restaurant setting: CX is confirmed as a full mediator between ESAT and CLOY.
- Refinement of Herzberg's Two-Factor Theory in service industries: Findings reaffirm that Motivator's have a greater impact on ESAT than Hygiene's.
- Reevaluation of ELOY's role: Contrary to existing literature, this study finds no direct or mediating effect of ELOY on CLOY, suggesting that customer engagement is more influential than employee tenure.

7.4. Limitations and Future Research Directions

Despite its contributions, this study has several limitations that warrant further investigation. First, its focus on traditional restaurants in Ho Chi Minh City limits the generalizability of findings to other service sectors and international contexts, necessitating future research across diverse hospitality and F&B industries. Second, the study does not account for the impact of digitalization or organizational culture on employee and customer interactions, highlighting the need for further exploration of technology-driven customer experiences and cultural influences on employee engagement.

7.5. Final Remarks

This research provides valuable insights for restaurant managers and service industry professionals, highlighting the importance of employee motivation and CX in fostering CLOY. By prioritizing service quality, employee empowerment, and customer engagement, businesses can create sustainable competitive advantages in the service industry.

Transparency:

The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

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