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The Influence Of Communication On Customer Results Within The Private Banking Industry With Respect To Hdfc Bank

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ABSTRACT

Indian banking is evolved in due course of time. In this research work, an attempt is made to find out the impact of communication on the results of customers within the private banking sector. Specifically, this paper tries to identify the impact of communication on customer results within HDFC Bank, Mumbai, Maharashtra, India. The research is centered around identifying the impact of effective organizational communication on employee service performance, which in turn affects the customer results and experience of service. A descriptive research approach was used in this study, where 399 respondents were chosen as part of this research. Among these, there are 145 employees and 254 customers who participated in this study. This study tries to measure the impact of communication effectiveness, information transfer, interaction between employee and customer and its implications for service provision and customer results. It highlights the fact that effective communication can improve employees' understanding of customer needs and solving problems associated with the service and delivering banking services...

Keywords: Organizational communication, Employee services, and customer outcomes..

INTRODUCTION

Innovation is the key to success in banking enterprises. The innovations brought about by globalization significantly impact social, political, financial, and innovative sectors, thereby influencing both organizational and community dynamics. In response to these developments; management must adopt new strategies, to navigate increasingly competitive environments. These modern management approaches primarily aim to enhance employee performance through effective communication. Communication encompasses the actions an individual undertakes to influence another's perspective, establishing a crucial link between individuals and organizations. Communication involves the processes of expressing, listening, and understanding (Banerji and Dayal, 2005). Furthermore, Oliver (1997) asserted that communication serves as a medium for individuals to share their thoughts, ideas, and emotions through various forms, including semantic and verbal expressions. Thus, communication is essential in every organizational context. Understanding human behaviour in the workplace, is crucial for organizations, as it has emerged as a key organizational task. This importance stems, from substantial shifts, due to technological innovations and globalization, which have transformed business structures, workforce dynamics, and employee management practices. To achieve effectiveness and maintain a competitive edge, organizations must adapt to these changes. Subsequently; it is essential for employers to comprehend the inspirations of their employees rather than merely pressuring them to enhance productivity.

Rationale of Study

Effective communication is a critical component that underpins the success of organizations today. For any business to thrive, it is imperative to establish robust communication channels that equip both employees and customers with essential tools for engagement and satisfaction. Ineffective communication can lead to increased production costs and diminished profitability. To mitigate these adverse outcomes, it is essential to implement effective communication strategies (Joey, 2002). It would be enhancing employee service performance, which is critical within banking and other organizations, where employees frequently engage with both superiors and customers through various channels such as direct interactions, meetings, emails, reports, mails, and memorandums. Effective communiqué is essential for fostering collaboration and teamwork among employees, particularly in managing production processes. In contemporary society, communication stands out as a crucial and influential function within organizations (Harris and Nelson, 2008). It facilitates the coordination of activities aimed at achieving goals and plays a vital role in social interaction, dynamic and critical thinking, as well as change management processes. Furthermore, internal communication provides employees with essential information regarding their roles, the organization, the work environment, and their colleagues. Effective communication fosters trust, encourages persuasion, cultivates a shared identity, and enhances commitment; it serves as a medium for individuals to express emotions, share aspirations, and celebrate achievements, ultimately enabling a deeper understanding of the organization’s purpose and significance.

Effect of Employee Facility Performance on Customer Results:

Employee facility performance encompasses; the actions of individuals that align with organizational objectives; as noted by Campbell;1993. The way employees interact with customers and address their inquiries significantly influences customer perceptions of service quality and overall satisfaction. High levels of customer satisfaction foster loyalty to the organization, while inadequate service can adversely impact financial performance. Consequently, employee facility performance is crucial in aimed at achieving positive service outcomes, such as customer retention and satisfaction. This study explores the relationship between employee facility performance and customer outcomes, focusing on aspects like perceived service excellence, customer happiness, and loyalty. This research scrutinizes, impact of employee facility performance on customer outcomes, for two primary reasons. Firstly, customer service encounters typically involve contributions and interactions from multiple employees. Under this analysis, customer evaluations of their service experiences are influenced by the performance of employees at a private bank. Consequently, the bank's employees collaborate to ensure that service performance meets customer satisfaction.

Objectives of the Learning:

The study aims to examine how organizational communication influences, employee facility performance

To investigate the relationship between, employee facility performance with customer outcomes

Review of literature

According to Bhanot & Gaikwad (2025), the employees play a pivotal role in setting and meeting the customer satisfaction at the workplaces. Their communication competencies, workplace behaviour with the customers, and ability to deal with the particular situations influence the customer satisfaction, retention in the corporate world.

Omi Singh Chauhan (2017) studied that there was a positive correlation with the study's objectives, which include an exploration of private banks' needs, revealing that these needs are crucial for customer satisfaction. Furthermore, the analysis identified that a 1% increase in customer loyalty correlates with a 52.2% rise in customer satisfaction, highlighting loyalty as a significant determinant of satisfaction. Furthermore, the study evaluated customer loyalty in banking services, establishing that a 1% escalation in loyalty outcomes in a 52.2% surge in satisfaction. Lastly, it also assessed the satisfaction levels concerning the service quality provided by private banks.

B. Senthil Kumar, (2017) presented a comparative analysis of customer relationship marketing strategies and their influence on customer faithfulness within public and private sector banks, specifically focusing on Hyderabad City. The marketing landscape has shifted from a transactional to a relational paradigm, necessitated by globalization and intensified competition, which has rendered traditional marketing methods insufficient for attracting and retaining customers. As markets become increasingly segmented, there is a pressing need for targeted marketing strategies that foster dialogue with smaller customer groups and address their unique needs. This evolving context, alongside the competitive dynamics of the financial services sector, has spurred the adoption of customer relationship marketing. The study examines how banking institutions implement these strategies and their effectiveness in fostering customer loyalty among Hyderabad's clientele. Involving a sample of 300 customers, the findings indicate a significant correlation between CRM strategies and customer loyalty, with discriminant analysis revealing that private sector banks employ more effective relationship marketing practices than their public sector counterpart

Vimi Jham, (2018) examined that the customer satisfaction, service quality, and consumer demographics as critical factors influencing Word of Mouth communication within the banking industry. Employing a mixed-method approach and systematic probability sampling, the study identified respondents effectively. It focused on three key antecedents of service quality: satisfaction with traditional banking facilities, internal marketing strategies, and multichannel banking options. The relationships among these constructs were analysed using Partial Least Squares (PLS) path modelling. The findings indicate that satisfaction with service quality is significantly linked to satisfaction with various banking services, which in turn fosters positive Word of Mouth communication, while consumer demographics appear to have no impact on this relationship. Consequently, the results suggest that banks should prioritize service quality to attract new customers and emphasize the importance of regular employee training to enhance customer satisfaction.

Research Gap:

This study addresses the existing gap in understanding the relationship between organizational communication and employee service performance, as well as the subsequent impact on customer outcomes; specifically, customer satisfaction and loyalty. Notably; this research represents the inaugural investigation of these variables within the Mumbai district. Consequently; we formulated and evaluated a framework for employee service performance, examining how organizational communication influences this performance in relation to customer outcomes.

Research Methodology:

The study's population comprised employees and customers of private banks located in Mumbai. A probability random sampling technique was employed to select participants. The total sample size consisted of 399 individuals, including 145 employees and 254 customers from a private bank in the city of Mumbai. Instruments for gathering data include a five-point Likert scale. Analytical methods employed for data evaluation consist of composite reliability, convergent validity; HTMT; and the Fornell-Larcker criterion.

Hypothesis of Study:

H1. A notable correlation exists between organizational communiqué and the performance of employees in facility roles.

H2. Employee facility performance does not exhibit a significant correlation with customer faithfulness.

H3. There is no substantial relationship between employee facility performance and customer satisfaction.

Results and Discussion:

The study assessed; the external model utilizing the ADANCO measurement model; to examine inner dependability; and convergent validity. Employing confirmatory composite; analysis within ADANCO 2.0.1 for structural equation modelling; the results indicated that all indicator variables exhibited cross-loading. The analysis revealed that the metrics associated with their respective endogenous variables yielded higher values than those linked to other variables; thereby confirming that the latent variables within each construct accurately represent the designated latent variable and affirming the discriminant validity of the measurement model. As indicated in Table 2; inner reliability was assessed using Cronbach's Alpha, with a threshold of 0.60 considered acceptable, while a range of 0.70 to 0.90 is deemed optimal (2020, 2019, 2017).

The analysis revealed that Cronbach's alpha values for communication, employee service performance, customer loyalty, and customer satisfaction, all latent variables, as well as total item correlation, exceeded the established threshold. Subsequently, composite reliability was assessed, confirming that all constructs surpassed the minimum threshold of 0.7, indicating a high level of internal consistency, as detailed in Table 2. The Rho A values, as defined by Dijkstra et al. (2015) and Hair (2019), also met the required threshold of 0.70 for communication, employee service performance, customer loyalty, and customer satisfaction. Furthermore, convergent validity was established with Average Variance Extracted (AVE) values exceeding the 0.50 threshold, as noted by Hair (2019) and Fornell & Larcker (1981). Following the assessment of convergent validity, discriminant validity was verified according to Fornell & Larcker's (1981) criteria, which evaluates the variation captured by latent variables and their shared variance with other results of the square root value of AVE in the latent variable., as indicated by the bold numbers in Table 3.

Table 1. Cross Loadings of constructs

Indicator	Communiqué	ESP	Customer loyalty	Customer Satisfaction
Comm1	.8661	.1981	.0556	.1904
Comm2	.8661	.2553	.1864	.3458
ESP 1	.1841	.6018	-0.1346	-0.0074
ESP 2	.2671	.8510	.0401	-0.0042
ESP 3	.2219	.7905	-0.0566	.1043
ESP 4	.1880	.8486	-0.0516	.0175
ESP 5	.1838	.8639	-0.0429	-0.0080
CL1	.173	-0.0281	.9154	.3074
CL 2	.0368	- 0.1129	.9282	.4239
CL 3	.1726	-0.0035	.8718	.3800
CL1	.1777	.0242	.2911	.5624
CL 2	.2080	.0277	.4852	.7606
CL 3	.2410	.0154	.2703	.8954
CL 4	.3046	.0141	.2097	.7692

Table 2. Construct Reliabilities & Convergent Validity (AVE)

Construct	Dijkstra-Henseler's rho (ρA)	Joreskog's rho (ρc)	Cronbach's alpha(α)	Average variance extracted (AVE)
Communication	.6670	.8573	.6670	.7502
EFP	.8676	.8957	.8520	.6356
Customer loyalty	.8914	.9317	.8898	.8199

Customer satisfaction	.7740	.8391	.7402	.5721

Table:3 Discriminant Validity: Fornell-Larcker Criterion

Construct	**First construct**	**EFP**	**CL**	**CS**
First construct	.7502	-	-	-
EFP	.0685	.6356	-	-
CL	.0195	.0029	.8199	-
CS	.0958	.0007	.1673	.5721

Where, EFP stands for Employee Facility Performance, CL stands for Customer Loyalty, CS stands for Customer Satisfaction

Table 4: Discriminant Validity: Heterotrait Monotrait Ratio of Correlations (HTMT)

Construct	**First Construct**	**EFP**	**CL**	**CS**
First Construct	-	-	-	-
Employee facility performance	.3497	-	-	-
CL	.1831	.0700	-	-
CS	.4420	.0336	.5166	-

The primary aspect of discriminant validity was assessed through the Heterotrait Monotrait ratio of correlations, utilizing a threshold of 0.85 as established by Ringle and Sarstedt (2015) and Henseler et al. (2015). Gold et al. (2001) proposed a more stringent criterion of 0.9 for adequate validity. In this study, the Heterotrait Monotrait ratio was calculated using the specified formula, revealing that nearly all values fell below the .85 threshold, thus confirming the distinctiveness of all latent variables in accordance with the statistical standards presented in Table 4.

Table 5: Structural Model Assessments

Indicators	**Communiqué**	**EFP**	**CL**	**CS**
Comm 1	1.3341	-	-	-
Comm 2	1.3341	-	-	-
ESP 1	-	1.3338	-	-
ESP 2	-	2.6304	-	-
ESP 3	-	1.9080	-	-
ESP4	-	2.6168	-	-
EFP 5	-	2.4862	-	-
CL1	-	-	3.0526	-
CL 2	-	-	3.3308	-
CL 3	-	-	2.1276	-
CL 1	-	-	-	1.2410
CL 2	-	-	-	1.4781

CL 3	-	-	-	2.4886
CL 4	-	-	-	1.9361

The analysis of path coefficients reveals a substantial conceptual and theoretical relationship among all investigational outcomes concerning both input and output dimensions of the context. Furthermore, the structural model was employed to identify one or more predicted connections as proposed during model development (Hair., 2017, 2014). Consequently, the bootstrapping technique was utilized to ascertain the p-values for the hypothesized relationships (Hair et al., 2020). Hypothesis testing can only proceed after establishing the variance inflation factor (VIF) criteria for latent variables, with VIF values reported to be below the threshold of 3.33 (Diamantopoulos et al., 2008). The internal VIF calculated in this study also remained under the specified limit, as detailed in the accompanying table, which lists all values below 3.33. Following the VIF analysis in measurement models, the subsequent step involved assessing the significance and relevance of predictor variables, which should range between -1 and +1, by applying the bootstrapping method with 5000 subsamples in the Partial Least Square Algorithm. The structural equation model's measurement and hypothesis testing are thoroughly detailed as below:

Table 6.

Result	Original coefficient	Standard bootstrap results					Decision
		Mean Value	Standard error	t-value	p-value (2-sided)	p-value (1 -sided)	
communication -> ESP	.2421	.2417	.0705	3.4352	.0006	.0003	✓
ESP -> customer loyalty	-0.0540	-0.0345	.0993	-0.5442	.5865	.2932	✗
ESP -> customer satisfaction	.0277	.0140	.1136	.2435	.8077	.4038	✗

✓ Supporte ✗ Not Supported

The impact of the variable is indicated by a β value of .0277, which is not statistically importance at a significance level of .8077. Following this, the determination of the coefficient (R^2) is essential as it reflects the predictive accuracy of the endogenous variable, calculated as the squared correlation between the real and predicted values of that variable (Hair, 2014). The R^2 value reveals the percentage of variation in the endogenous latent variables that can be explained by the associated exogenous variables, as illustrated in Table 6. This table highlights a significant effect of communiqué on employee facility performance (EFP), with a β of .2421, which is significant at the .0006 level, thereby supporting the hypothesis that communication influences ESP. Conversely, the relationship between ESP and customer loyalty does not demonstrate a significant impact, as evidenced by a significance level of 0.5865 and a β of (0.0540), which exceeds the .05 threshold for significance. The R^2 value ranges from 0 to 1, with values nearer to 1 indicating a higher level of accuracy by Hair in 2014. The subsequent table presents the R^2 values for various constructs.

The subsequent phase involves assessing the impact of f2 by removing the exogenous construct from the model; the change in R-square serves as an indicator of whether the excluded construct significantly influences the endogenous latent variables, as noted by Hair et al. (2014). To ascertain model fit, the SRMR value must be evaluated, which indicates the average significance differences between the actual and predicted correlations, thus serving as a criterion for model fit assessment. According to Hair et al. in 2014, a value below .08 is considered indicative of a good fit. Consequently, the study found an SRMR value of .065, confirming that the model demonstrates a good apt. The table below presents the SRMR values.

Goodness of model fit (saturated model)

	Value	HI95	HI99
SRMR	.0973	.1329	.1560
duls	.9944	1.8539	2.5551
dg	.3582	.6216	.9408

Limitations of the study:

The study faced certain limitations, primarily being confined to a single geographical area and exclusively examining private banking institutions. Additionally, while this research concentrated on a limited set of variables, subsequent investigations should explore a broader range of factors to better understand their influence on employee facility performance.

Future Scope of Study

The outcomes of this research indicate that, there is not a straight relationship between employee facility performance and customer satisfaction or loyalty. Consequently, the implications of this study suggest that future policy adjustments may be necessary, focusing on factors beyond employee performance to enhance customer outcomes.

Conclusion

The analysis employed composite reliability, HTMT, and Fornell-Larcker criteria to assess the influence of structural communication on employee facility performance, as well as the subsequent effects of employee facility performance on customer outcomes. The results demonstrate a significant impact, underscoring the importance of these relationships in organizational contexts. The analysis indicates a connection between organizational communication and employee service performance; however, it also reveals an absence of a importance of relationship between employee facility performance and customer outcomes, specifically customer faithfulness and customer satisfaction.

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