The Influence of Selected Antecedents of Employees and Customers on Financial Performance in Indian Banking Industry: An Empirical Analysis

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Abstract: The paper attempts to deal with role of employee level and customer variables on the financial performance of banks. We studied relationship between Employee Satisfaction and Employee Loyalty and how Employee Training, Employee Loyalty and Shared Understanding are affecting Perceived Service Quality (PSQ). Further we studied PSQ and its effect on Customer Satisfaction and Customer Satisfaction's effect on Customer Loyalty. To understand the final phase of our study, we studied Customer loyalty's effect on Brand Equity and its impact on Financial Performance.

Overall we tried to see how employee and customer level variables are related and finally affect profitability of banks. We did regression analysis and found significant relationships among most of the variables, however no relationship is found between shared understanding and PSQ. We can conclude that we should pay attention to employee training as it in turns affecting customer level which is affecting financial performance in terms of brand equity.

Keywords: Brand equity, Customer loyalty, Employee satisfaction, Financial performance, Perceived service quality.

I. Introduction

Success in banking business comes from strategies to make sure that an organization has vital resources, especially people or employees, which could be utilized to reach its goals effectively. Employee satisfaction may be viewed as the engine that adapts changes in the internal environment to the employee's performance and their loyalty and service quality.

Service quality directs to the essential external customer service enhancement as well as customer satisfaction level. It would not be possible to reveal the potential for business success without understanding these fundamentals, (Putti, Koontz and Weihrich, 1998). Companies should focus on building employee satisfaction and employee loyalty that affects service quality (Wimonphan Piriyathanalai and Nuttawuth Muenjohn, 2012), which in turn affects customer satisfaction and customer loyalty (Fornell, 1992; Diller, 2000; Hill and Alexander, 2003), that will build brand equity (Reichheld, 2001) and brand equity will improve financial performance (Hong-bumm Kim and Woo Gon Kim).

As a result of the intangible and interactive nature of services, customers repeatedly rely on the service employees' behavior when judging the service quality. Therefore, the employees' level of customer orientation is measured an important force for service firms' economic success (Bitner et al., 1990; Bove and Johnson, 2000; Bowen and Schneider, 1985; Sergeant and Frenkel, 2000).

As competition becomes more strenuous and environmental factors become more threatening, the concern for service quality grows. The Banking industry has become quite competitive in recent times. In this competitive scenario, banks are taking serious measures to improve their performance. Two of the most important steps that banks have undertaken in recent years are: (1) endeavors to improve the quality of their services, and (2) endeavors to market themselves more effectively (Putti, Koontz and Weihrich, 1998).

If service quality is to become the keystone of marketing strategy, the marketer must have the means to appraise it. In response to the demands of globalization, increasingly competitive markets, and impulsive market dynamics, many organizations are keenly in search of ways to add value to their services and improve their service quality. Because service quality affects customer satisfaction, the ability of an organization to satisfy customers is very important for many motives. For example, it has been shown that dissatisfied customers have a tendency to complain to the company and in some cases ask to rectify from them more often to moderate cognitive difference and bad consumption experiences (Oliver, 1987; Nyer, 1999).

Satisfying customers, who have the autonomy to make choices is not adequate to make them loyal. Jones and Sasser (1995) investigated in their own analysis of the study that only truly loyal customers are completely satisfied customers. Hence, his study highlighted new facts on what had previously been relatively unknown territory, i.e. the linkage between customer satisfaction and customer loyalty. Customer loyalty is measured to be a function of satisfaction (Fecikova, 2004) and loyal customers add to company's profitability by spending more on products and services of company, via repeat purchasing, and by suggesting the organization to other consumers.

Customer loyalty can seem mysterious and miraculous to those trying to obtain it. However, there are a lot of good motives for businesses to pursue customer loyalty as a strategic objective. Customers are expensive to acquire; keeping them loyal allows you to pay off acquisition costs. Loyal customers are repeatedly willing to pay premium prices.

Therefore, many researchers believe that customer satisfaction is the best indicator of a company's future profit and viable. The results of customer satisfaction include customer loyalty (Bei and Chiao, 2001). If customer is loyal it creates brand equity which is very helpful in generating better revenues.

If an organization is to manage its existence in the market as well as to constantly grow it is needed to carefully manage value they give to the customers. This value can be offered through organizations' brands. Likewise, creating value for customers is possible by enhancing customer satisfaction. So, an organization has to offer more value for customers for their satisfaction (Day, 1998) and more value than competitors (Brannback, 1997). Therefore, enhanced customer satisfaction will build customer loyalty (Oliver, 1999).

An organization provides value to the customers can be enhanced through brand equity. As brand equity increases through both outcomes at individual-level and market level (Raggio and Leone, 2007). At individual-level it increases word of mouth, attitudinal loyalty and dedication. While at market-level it increases behavioral loyalty, sales volume and lowers cost in different organizational wealth. Therefore, brand equity is related to customer satisfaction and customer loyalty.

When employees are satisfied then they will create satisfied and loyal customers, which can create brand equity because strong brand equity can cause a significant increase in profitability higher sales and, therefore, higher financial returns and a lack of brand equity in banking firms can harm potential cash flow. That is, if a marketer in banking firms does not make efforts to get better customer-based brand equity, then the marketer should suppose declining income over time. Consequently Service companies like banks have been allocating major resources for employee satisfaction, customer satisfaction, and service quality and customer retention.

The aims of this study are to:

- Examine whether Employee satisfaction is affecting Employee Loyalty.
- Employee Training, Employee Loyalty and Shared Understanding are affecting Perceived Service Quality and Perceived Service Quality is affecting Customer Satisfaction and Customer Satisfaction is affecting Customer Loyalty.
- Customer loyalty is affecting Brand Equity and Brand Equity affecting Financial Performance.

II. Review of Literature

A. Employee Satisfaction and Employee Loyalty

Employee loyalty was traditionally meant as the ability of a person to stay with the organization for longer duration. The meaning is based on the premise that the measurement of employee loyalty could be done by measuring the amount of time one works for the company or organization (Silvestro, 2002). With the change in the job structures, growing downsizing practices and other changing pattern of work, the meaning of loyalty has also changed. Employee loyalty cannot be only measured by the time an employee works for the company, it also needs to include the amount of job commitment of the employees (Phaneuf, 2013). According to Reichheld (2003) loyalty refers to the willingness of an employee to invest in or sacrifices for the organization so as to strengthen a relationship. According to Chang et al. (2010), employee job satisfaction is an antecedent to employee loyalty. Jun et al. (2006) and Arsi et al. (2002) also found in their study that there is strong relationship between organizational loyalty of employees and job satisfaction. Evidence from empirical studies also suggests that there exists positive relationship between employee job satisfaction and loyalty of employees (Fletcher and Williams, 1996). Those employees who are satisfied with their jobs will be most likely to be more loyal towards the organization as compared to the employees who are dissatisfied (Kim et al., 2005). Increase in employee job satisfaction, the degree of organizational loyalty may also raise higher. But if there is decline in employee job satisfaction, it will leads to the decline in employee loyalty as well as employee morale which may in turn lead to increase in employee turnover. If there is lack of job satisfaction it may result in the employees behaviour to recede from their jobs, search new jobs or to change their current jobs.

H1 – Employee Satisfaction has significant impact on Employee Loyalty.

B. Employee Training and Perceived Service Quality

Due to the rapidly changing business environment there is stress on the issue of increasing obsolescence of employee's skills (Gattiker, 1995; Fossum et al., 1986). The employees undergo training so as to improve their existing skills and future skills as well (Mathieu et al., 1992; Schlesinger and Heskett, 1991). Few researches clearly indicate the impact of training on perceived service quality (Johnson, 1996). It is also noted that employee training positively effects the organizational performance (Colbert, 2004; Barron et al., 1987; Guzzo et al. 1985; Campbell, 1988, 1989; Mathieu et al., 1992). As most of the services are delivered to customers through the front line employees who act serve as a link between customers and firms (Sureshchandar et al., 2001). In order to give better service quality employee training helps in enhancing the skills of employee which affects the ability in dealing with customers relating it to service quality. And thus it is important to give proper attention to employee training. In case proper attention is not given to employee training, it may result in poor service quality as well. Thus we hypothesize:

H2a: *Employee training has significant impact on Perceived Service Quality of Employees.*

C. Employee Loyalty and Perceived Service Quality(PSQ)

Employee loyalty has effect on service quality. Employees who are loyal and satisfied with their job show their loyalty towards their organization through their hard work and commitment by offering high-quality services to the customers. Loveman (1998) stated in his study that there was positive correlation between employee loyalty and quality of service (Yee, Yeung, and Edwin Cheng, 2010). It is hypothesised that:

H2b: Employee Loyalty has significant impact on Perceived Service Quality.

D. Shared Understanding and Service Quality

In order to survive and grow in the changing business environment, firms are interested in enhancing the capability of employees which will lead to increase in service quality. It is very important for the employees to understand the goal set by the management so as to work properly for its attainment. Each department of the organization may develop processes for providing high-quality services to attain customer satisfaction. Every department needs to understand what other department are doing and why. Distinctively held understandings may not really affect the performance of the firm but widely understood quality standards and results will surely facilitate processes and functions in a firm. And thus, it is important that management communicates with employees and the employees promote an atmosphere to build a shared understanding. To become an effective firm, it is fundamental to develop a shared understanding for the underlying values, processes, and standards among the employees. There is a need for the organizations to develop shared understanding among the employees of what they try to achieve (i.e. goals), how they achieve them (i.e. work processes), what they require to do (i.e. tasks), and what the employees need to do (i.e. knowledge, skills, and abilities of employees). Shared understanding is the extent to which the employees of an organization understand its visions, standards, and performance results.

Shared understanding among the employees is important as it facilitates proper communication, collaboration, and coordination among the employees. In order to have better utilization of the resources, firms should resort to having shared understanding of goals, jobs, processes, standards of quality and performance results. Shared understanding is considered to be one of the preconditions for effective cooperation and firm performance (Cramton, 2001). The firms in which employees have a clear understanding of service quality tend to achieve superior service quality (Albrecht and Zemke, 1985; Hays and Hill, 2001). SU among the employees enables them to perform better to get better results by bringing together their capabilities. Thus we hypothesize:

H2c: Shared Understanding has significant impact on perceived Service Quality of the employees.

E. Perceived Service Quality and Customer Satisfaction

The ability of the firm to create and provide service quality of high level is the key factor to sustain competitive advantages in severe competition. Although it is hard to set the standards as the services are intangible in nature. As there is simultaneous production-delivery-consumption element of service makes it difficult to detect and correct defects in service encounters (Harvey, 1998). Parasuraman et al. (1988) gave five sub-dimensions of service quality as reliability, tangibles, responsiveness, assurance, and empathy known as the SERVQUAL. It has been developed and tested and is a widely used measure for service quality. Many researchers have shown the validity and reliability of SERVQUAL through their study (Bolton and Drew, 1991; Cronin and Taylor, 1992; Kettinger and Lee, 1997; Pitt et al., 1997; Soteriou and Chase, 1998). Service quality is considered an important measure of organisational performance. Service quality remains the most studied issue in generally marketing literature and service marketing literature (Jensen and Markland, 1996). In the banking sector there has been wide and thorough research to study the relationship between service quality and over the past few years (Cronin and Taylor, 1992; Bloemer et al., 1998a; Yavas et al., 1997; Sureshchandar et al., 2002). In order to establish and maintain better relationship with the customers' quality of service is considered to be an important essential element (Sureshchandar et al., 2002a). When the customers use a service they assess the various elements of service and then decide whether the service they received is quality service or not (Harvey, 1998; Brady and Robertson, 2001).The use information technology is becoming popular day by day as a medium of interaction (Lang and Colgate, 2003). There is need for in depth study on the direct relationship between banking automated service quality and customer‘s overall satisfaction (Zhu et al., 2002). In this study, it is expected that:

H3: Perceived Service Quality (PSQ) has significant impact on Customer Satisfaction (CS).

F. Customer Satisfaction (CS) and Customer Loyalty (CL)

Customer satisfaction results in retention and loyalty of the customers towards the brand or product and it provides increased financial outcomes (Anderson et al., 1994b; Fornell et al., 1996). It was found in the study that satisfied customers will surely return to receive the service of the firm (Meyer and Collier, 2001). It is found that satisfied customers return to get the services again from the firm (Danaher and Rust, 1996; Nelson et al., 1992). It is also found that customer satisfaction reduces customer complaints and increases customer loyalty (Fornell and Wernerfelt, 1987). Also they recommend services to others which will in turn increase the financial gains of the firm. Thus we hypothesize:

H4: There is significant impact of Customer Satisfaction (CS) on Customer Loyalty (CL).

G. Customer Loyalty (CL) and Brand Equity (BE)

Brand loyalty is seen as an element of brand equity which refers to the loyalty of stakeholders or the customers for the organisation and its brand. As per the traditional view point loyalty is seen as a component of brand equity (e.g. Aaker, 1991) and some of the recent studies (e.g. Rios and Riquelme 2008; Rauyruen et al., 2009) support this view point. But many researchers on the other hand are now stating that loyalty is an outcome of brand equity (e.g. Taylor, et al., 2004; van Riel, et al., 2005). It was found that brand equity has a strong impact on customers" loyalty intentions (Vogel, et al., 2008), the customer loyalty is likely to have the willingness to stay with the brand, repurchase, and recommend the brand to others.

H5: Customer Loyalty (CL) has significant impact on Brand Equity (BE).

H. Brand Equity (BE) and Financial Performance (FP)

Lane and Jacobson (1995) stated that intangible assets like brands allow the firms to create earnings beyond the earnings generated by the tangible assets alone. Barth et al., 1998 studied the association between brand equity and financial performance. Barth et al. (1998) stated that brand equity provides a firm with higher operating earnings over time. Beatriz García Osma et. al 2014 showed that brand equity is strongly and positively associated with financial performance, both over long- and short-windows. It is stated through the study that the positive relationship between brand equity and financial performance is stronger and significant when measured with the model of Aaker (1991) that when modeled of Keller (1993). Thus we hypothesize:

H6: Brand Equity (BE) has significant impact on Financial Performance.

III. Research Gap

As per the literature review, it was found that that there has been very less studies to analyze the impact of customer loyalty and brand equity on the financial performance of Banks. In order to overcome the limits of the studies being done earlier, this study was done using a comprehensive approach with the aim to evaluate and find out the financial outcomes associated with the perspectives of employees and customers. The study aimed to find out the combined effect of various factors of employees' such as employee satisfaction, employee loyalty, Shared understating and employee training with the various factors of customers' such as Service quality, customer satisfaction, customer loyalty, which affects brand equity and its affect on financial performance in banking sector. Many studies have been done to find the combined effect of employee and customer satisfaction and loyalty on financial performance but none of the studies included brand equity with this. So on the basis of that brand equity has been included in our present study with the other factors of employee and customers. The present study is conducted with an aim to seek answer whether any relationship exists between factors related to employees, customers, brand equity and profitability in banking sector.

IV. Research Model

Research Model based on above mentioned considerations:

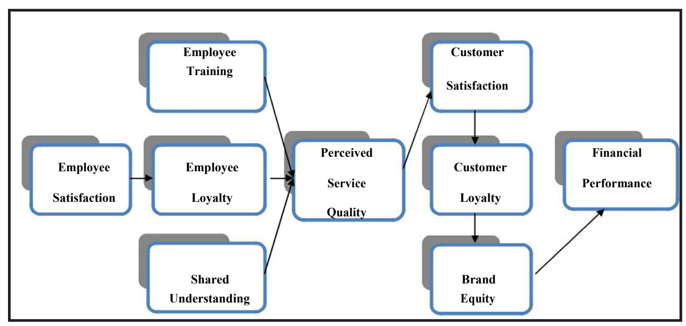

Fig. 1: Research Model

The study entails extensive research to know the impact of Employee Satisfaction on Employee Loyalty and the impact of Employee Loyalty, Employee Training and Shared Understanding on Perceived Service Quality and the impact of Perceived Service Quality on Customer Satisfaction and the impact of Customer Satisfaction on Customer Loyalty and the impact of Customer Loyalty on Brand Equity and finally the impact of Brand Equity on Financial Performance i.e. profitability, Net worth and EPS of Banks. The research is done to test the proposed Fig. 1: Research Model with the use to various statistical tools.

V. Research Hypotheses

A. *H1*: There is significant impact Employee Satisfaction on Employee Loyalty in Indian Banking industry.

B. *H2a*: There is significant impact of Employee Training on Perceived Service Quality in Indian Banking industry.

C. *H2b*: There is significant impact of Employee Loyalty on Perceived Service Quality in Indian Banking industry.

D. *H2c*: There is significant impact of Shared Understanding on Perceived Service Quality in Indian Banking industry.

E. *H3*: There is significant impact of Perceived Service Quality on Customer Satisfaction in Indian Banking industry.

F. *H4*: There is significant impact of Customer Satisfaction on Customer Loyalty in Indian Banking industry.

G. *H5*: There is significant impact of Customer Loyalty on Brand Equity in Indian Banking industry.

H. There is significant impact of Brand Equity on Financial Performance in Indian Banking industry.

VI. Research Methodology

A. Type of Study

"The influence of selected antecedents of employees and customers on financial performance in Indian banking industry: An Empirical Analysis" is empirical in nature.

B. Sampling and Data Collection

The study was done only in India. Random Sampling Technique was used to collect data for the study. Data was collected in three parts for first two parts questionnaire were used. And the questionnaire was divided in two parts in first part questions related to employees, in second parts questions related to customers. There were 325 questionnaires which were distributed among 225 customers and 100 employees of Banks and 205 from customers and 75 from employees questionnaires were returned, for a response rate of 86.67% and 75% respectively. In the third part financial data was collected from the website of banks.

C. Measures

For the operationalisation of variables, several scales from the literature were used. In Section A of the questionnaire is about respondent's demographic information (gender, age, education level and Income) whereby, Section B the variables employee satisfaction, employee loyalty, employee training, shared understanding, perceived service quality, customer satisfaction, customer loyalty, brand equity and financial performance were tested respectively. In Table I, it summarizes the origin source of measurement for this study, where it was adopted from and the number of items constructed for the purpose of this research.

Table I: The Origin Source of Measurement

Constructs	Adopted From	No. of Items
Employee satisfaction	Smith et al., 1969; Jacobs and Solomon, 1977; Balzer et al., 1997	5
Employee loyalty	Allen and Meyer 1991	8
Employee training	Huq and Martin (2000) and Meyer and Collier (2001)	2
Shared understanding	Senge (1990), hays and Hill (2001, Voss et al. (2005)	2
Perceived Service Quality	Parasuraman et al. (1988), Zeithaml et al. (1990)	5
Customer Satisfaction	Olsen (2002), Babalus et al(2004), Douglas and Fredendall (2004)	4
Customer Loyalty	Chitty, Ward and Chua (2007), Homburg and Giering (2001)	3
Brand Equity	Dodds et al.'s (1991)	4
Financial Performance	Financial Statement of Banking Industry (Profitability, Net worth and EPS)	33 Banks

D. Tools for Data Analysis

- Chronbach Alpha was used to test the reliability of the instrument.
- Linear and Multiple Regression were used to analyze the data through SPSS.

VII. Data Analysis and Interpretation

A. Reliability Analysis

Five items were chosen to test the reliability of Employee Satisfaction and the Cronbach's Alpha is 0.810 and respectively for Employee Training two items were chosen and the Cronbach's alpha is .877 and for Employee Loyalty eight items were chosen and the Cronbach's Alpha is 0.733, Shared Understanding and Perceived Service Quality has two and five items and Cronbach's Alpha is 0.920 and .821 respectively and Customer Satisfaction and Loyalty has four and three items and Cronbach's Alpha is 0.765 and .822 respectively and Brand Equity has four items and Cronbach's Alpha is 0.842 and finally Cronbach's Alpha for Financial Performance with 33 items is 0.732. The internal reliabilities of all the nine measures were above 0.7, meeting the minimum threshold which indicated that all the items in each measure were internally consistent and are considered acceptable and reliable. As a result, we conclude that all the constructs are reliable.

S.No	Constructs	Cronbach's Alpha	Number of Items
1	Employee Satisfaction	.810	5
2	Employee Training	.877	2
3	Employee Loyalty	.733	8
4	Shared Understanding	.920	2
5	Perceived Service Quality	.821	5
6	Customer Satisfaction	.765	4
7	Customer Loyalty	.822	3
8	Brand Equity	.842	4
9	Financial Performance	.732	33

VIII. Regression Test

A. H1: There is Significant Impact of Employee Satisfaction on Employee Loyalty

Descriptive Statistics

	Mean	Std. Deviation	N
Employee Loyalty	3.7971	.46552	77
Employee Satisfaction	4.8857	.91676	77

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.466[a]	.217	.207	.41463

a. Predictors: (Constant), Employee Satisfaction
b. Dependent Variable: Employee Loyalty

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.576	1	3.576	20.804	.000[b]
	Residual	12.894	75	.172		
	Total	16.470	76			

a. Dependent Variable: Employee Loyalty
b. Predictors: (Constant), Employee Satisfaction

Coefficients[a]

Model		Unstandard-ized Coef-ficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.641	.258		10.243	.000
	Employee Satisfaction	.237	.052	.466	4.561	.000

a. Dependent Variable: Employee Loyalty

Interpretation:

Employee Satisfaction (ES) has significant impact on Employee Loyalty (EL), $b = .237$, $t\,(76) = 4.561$, $p < 0.05$,.000. Employee satisfaction (ES) also explained a significant proportion of variance for Employee Loyalty 46%, $R^2 = .21$, $F(1,75) = 20.804$, $p < 0.05$,.000. The hypothesis has been accepted in this study.

B. H2a: There is Significant Impact of Employee Training (ET) on Perceived Service Quality (PSQ).

C. H2b: There is Significant Impact of Employee Loyalty (EL) on Perceived Service Quality (PSQ).

D. H2c: There is Significant Impact of Shared Understanding (SU) on Perceived Service Quality (PSQ).

Descriptive Statistics

	Mean	Std. Deviation	N
Perceived Service Quality	5.1195	.70282	77
Employee Training	4.9675	1.60660	77
Employee Loyalty	3.7971	.46552	77
Shared Understanding	5.7013	1.00741	77

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.468[a]	.219	.187	.63389

a. Predictors: (Constant), Employee Training, Employee Loyalty, Shared Understanding
b. Dependent Variable: Perceived Service Quality.

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8.208	3	2.736	6.809	.000[b]
	Residual	29.333	73	.402		
	Total	37.541	76			

a. Dependent Variable: Perceived Service Quality
b. Predictors: (Constant), Employee Training, Employee Loyalty, Shared Understanding

Coefficients[a]

Model		Unstandard-ized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.649	.651		4.072	.000
	Employee Training	.119	.056	.271	2.131	.036
	Employee Loyalty	.388	.163	.257	2.385	.020
	Shared un-derstating	.072	.091	.103	.787	.434

a. Dependent Variable: Perceived Service Quality

Interpretation:

Multiple regression analysis was used to predict the impact of Employee Training (ET), Employee Loyalty (EL) and Shared Understanding (SU) on Perceived Service Quality (PSQ) of Bank employees. The results of the regression indicated the three predictors explained 46% of the variance (R2 = .21, F (3,73) = 6.809, p<0.05, .000). Thus the hypotheses have been accepted because (p<0.05, 0.000) in this study. Employee Training (ET) and Employee Loyalty (EL) excluding Shared Understanding (SU) added statistically significantly to the prediction, $p < .05$.

E. H3: There is Significant Impact of Perceived Service Quality (PSQ) on Customer Satisfaction (CS)

Descriptive Statistics

	Mean	Std. Deviation	N
Customer Satisfaction	5.1494	1.29031	77
Perceived Service Quality	5.1195	.70282	77

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.127[a]	.016	.003	1.28832

Predictors: (Constant), Perceived Service Quality

Dependent Variable: Customer Satisfaction

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.051	1	2.051	1.236	.017[b]
	Residual	124.482	75	1.660		
	Total	126.532	76			

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Perceived Service Quality

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.346	1.086		5.841	.000
	Perceived Service Quality	.234	.210	.127	1.112	.017

a. Dependent Variable: Customer Satisfaction

Interpretation:

Perceived Service Quality (PSQ) has shown significant impact on Customer Satisfaction (CS), $b = .234$, t (76) = 1.112, $p <$ 0.05, .017. Perceived Service Quality (PSQ) has explained significant proportion of variance for Customer satisfaction (CS) 12%, $R^2 = .016$, F (1,75) = 1.236, p <0.05, .017. Thus, the hypothesis has been accepted in this study.

F. H4: There is Significant Impact of Customer Satisfaction (CS) on Customer Loyalty (CL)

Descriptive Statistics

	Mean	Std. Deviation	N
Customer Loyalty	5.0487	1.23388	171
Customer Satisfaction	5.1681	1.23961	171

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.696[a]	.485	.482	.88801

a. Predictors: (Constant), Customer Satisfaction
b. Dependent Variable: Customer Loyalty

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	125.548	1	125.548	159.211	.000[b]
	Residual	133.268	169	.789		
	Total	258.816	170			

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), Customer Satisfaction

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.466	.292		5.021	.000
	Customer Satisfaction	.693	.055	.696	12.618	.000

a. Dependent Variable: Customer Loyalty

Interpretation:

Customer Satisfaction (CS) has significant impact on Customer Loyalty (CL), $b = .693$, t (170) = 12.618, $p < 0.05$, .000. Customer Satisfaction (CS) also explained a significant proportion of variance for Customer Loyalty 69%, $R^2 = .48$, *F* (1,169) = 159.211, p <0.05, .000. The hypothesis has been accepted in this study.

G. H5: There is Significant Impact of Customer Loyalty (CL) on Brand Equity (BE)

Descriptive Statistics

	Mean	Std. Deviation	N
Brand Equity	5.2734	1.06179	171
Customer Loyalty	5.0487	1.23388	171

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.533[a]	.284	.280	.90101

a. Predictors: (Constant), Customer Loyalty

b. Dependent Variable: Brand Equity

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	54.459	1	54.459	67.083	.000[b]
	Residual	137.197	169	.812		
	Total	191.656	170			

a. Dependent Variable: Brand Equity

b. Predictors: (Constant), Customer Loyalty

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.957	.291		10.162	.000
	Customer Loyalty	.459	.056	.533	8.190	.000

a. Dependent Variable: Brand Equity

Interpretation:

Customer Loyalty (CL) has significant impact on Brand Equity (BE), b = .459, t (170) = 8.190, p < 0.05, .000. Customer Loyalty (CL) also explained a significant proportion of variance for Brand Equity 53%, R^2 = .28, F (1,169) = 67.083, p <0.05, .000. The hypothesis has been accepted in this study.

H. H6: There is Significant Impact of Brand Equity (BE) on Financial Performance

Descriptive Statistics

	Mean	Std. Deviation	N
Financial Performance	2.9277	.27845	33
Brand Equity	5.0221	1.26486	33

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.356[a]	.127	.099	.26427

a. Predictors: (Constant), Brand Equity

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.324	1	.324	4.636	.039[b]
	Residual	2.235	31	.070		
	Total	2.559	32			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Brand Equity

Coefficients[a]

Model		Unstandard-ized Coeffi-cients		Standard-ized Coeffi-cients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.321	.188		17.647	.000
	Brand Equity	.078	.036	.356	2.153	.039

a. Dependent Variable: Financial Performance

Interpretation:

Brand Equity (BE) has significant impact on Financial Performance, b = .078, t (33) = 2.153, p < 0.05, 0.039. Brand Equity (BE) also explained a significant proportion of variance for Financial Performance 35%, R^2 = .12, F (1,32) = 4.636, p <0.05, .039. The hypothesis has been accepted in this study.

IX. Summary of the Hypotheses Test

S/N	Hypotheses	Status	Sig.	Mean	St. Dev.	B	R
H1	Employee Satisfaction has significant Impact on Employee Loyalty.	Accepted	.000	4.8857	.91676	.237	46%
H2a	Employee Training has significant impact Perceived Service Quality.	Accepted	.036	4.9675	1.6066	.119	46%
H2b	Employee Loyalty has significant impact on Perceived Service Quality.	Accepted	.020	3.7971	.46552	.388	46%
H2c	Shared Understanding has significant impact on Perceived Service Quality.	Not Accepted	.434	5.7013	1.0074	.072	46%
H3	Perceived Service Quality has significant impact on Customer Satisfaction.	Accepted	.017	5.1195	.70282	.234	12%
H4	Customer Satisfaction has significant Impact on Customer Loyalty.	Accepted	.000	5.1681	1.2396	.693	69%
H5	Customer Loyalty has significant impact on Brand Equity.	Accepted	.000	5.0487	1.2338	.459	53%
H6	Brand Equity has significant impact on Financial Performance.	Accepted	.039	5.0221	1.26486	.078	35%

X. Findings and Discussion

- H1 has been validated with the regression analysis. It is inferred from the results that Employee Satisfaction (ES) significantly impact Employee Loyalty (EL) with the beta value, $b = .237$. The p value being lesser i.e. $p < 0.05$,.000 clearly states that the relationship between ES and EL is significant. Employee satisfaction (ES) also explained a significant proportion of variance for Employee Loyalty 46%, which clearly indicates that there exist strong correlation between ES and EL.
- H2a,b,c - Analysis through Multiple regression analysis predicts there is significant impact of impact of Employee Training (ET) and Employee Loyalty on Perceived Service Quality of the employees of Banks. But SU does not have significant impact on Perceived Service Quality (PSQ) of Bank employees. The results of the regression indicated the three predictors explained 46% of the variance which indicates strong correlation between the studied variables. The hypothesis H2a and H2b has been validated but the H2c has not been accepted. The p value of H2a and H2b being $p < 0.05$, .000 states that the relationship is significant but for H2c the p value being greater states that the relationship is not significant. The results state that employees PSQ increases with the increase in the level of their training and loyalty. More training and loyalty resulted from satisfaction leads to greater PSQ. But also to be noted that SU even if being high does not have impact on PSQ. Employees PSQ does not really increase with the increase in their SU.
- H3 has been validated with the regression analysis. It is inferred from the results that Perceived Service Quality (PSQ) has significant impact on Customer Satisfaction (CS) with the beta value, $b = .237$. The p value being lesser i.e. $p < 0.05$, .017 clearly states that the relationship between PSQ and CS is significant. Value of R^2 (.016) shows week relationship between PSQ and CS which is significant, it indicates that perception of service quality assumed by employee significantly influence the customer satisfaction.
- H4 has been validated by using the regression analysis. Customer Satisfaction (CS) has significant impact on Customer Loyalty (CL), with the beta value being $b =$ .693, and $p < 0.05$, .000 being significant it is inferred that the relationship between CS and CL is significant. CS also explains proportion of variance for Customer Loyalty as 69%, $R^2 = .48$, which indicates that there is strong relationship between CS and CL. It can be stated from the results that if the banks are able to increase the customer‘s satisfaction, it will also help them end up having loyal customers who are ready to stay with the bank for longer and also they will be likely to suggest the banks to others.
- H5 has also been validated with regression analysis. The results state that Customer Loyalty (CL) has significant impact on Brand Equity (BE) with the value of beta being $b = .459$ and value of p being $p < 0.05$, .000 states the relationship between the studies variables is significant. The value of R being .46 states that strong relationship exists between CL and BE. If the customers are loyal it

will lead to increase in the band equity of the bank as the customers will be ready to buy other products of the same bank, will have repurchase intentions, will recommend the brand and will stay with the brand for longer duration. Increase in the loyalty of customers will significantly increase the brand equity of the Banks.

- H6 has been validated by using the regression analysis. Brand Equity (BE) has significant impact on Financial Performance (FP), with the beta value being $b = .078$, and $p < 0.05$, 0.039 being significant it is inferred that the relationship between BE and FP is significant. BE also explains proportion of variance for Customer Loyalty as 35%, $R^2 = .12$, which indicates that there is weak co-relationship between BE and FP. It can be stated from the results that if the banks are able to increase the customer‘s satisfaction, it will also help them end up having loyal customers who are ready to stay with the bank for longer and also they will be likely to suggest the banks to others.

XI. Suggestions and Recommendations

In order to maximize performance, the banks should have the mechanism of providing proper and timely training to its employees directed towards having better job performance. Employees should also get training about the insights of how to deal with customers and handle queries and dissatisfaction. Banking being a service industry is directly related to dealing with customers. To serve the customers in an effective manner, it is important for the employees to have better knowledge of the ways to deal with customers. As training enhances the job related skills and knowledge, employees also feel satisfied about their job performance when they receive training. The results states that Employee Loyalty and Employee Training except Shared Understanding has significant impact on Perceive Service Quality of the employee and thus it is suggested that the Banks should take the required actions to ensure increase in PSQ.

As the results indicate that PSQ of employees have significant impact on Customer satisfaction and week co-relation which arises the need for the Banks to device services after having the responses from the customers. A particular service which an employee may find appropriate for the customers, but there is less surety that the customers may also like it. And thus services should be designed by keeping in mind the expectations of the customers and not by what the employees find right for the customers.

Our results further suggest that Customer satisfaction has a significant impact on Customer loyalty; Customer loyalty has a significant impact on Brand Equity and Brand Equity has significant impact on Financial Performance. The essential role of Customer Satisfaction as identified in the present study indicates that managers should recognize the significance of the impact of CS and should ensure processes to improve the customer satisfaction.

As the industries are becoming more competitive, consumers also tend to become more and more demanding. It is important for the banks to improve upon their quality of service. Customer loyalty has found to be increasing with the increase in customer satisfaction and thus it is vital for the banks to have satisfied customers. It is observed through various studies that satisfied customers are loyal customers. In order to have long lasting relation with the customers and to ensure that the existing customers also buy other products of the bank, it is important to ensure maximum satisfaction through each and every service being provided by the banks. As found in the study that loyal customers lead to making greater brand equity which leads to better financial performance. Various studies support the view that customer satisfaction is a useful complement to financial performance measures (Lev, 2001; Maines et al., 2002). Thus it necessitates the need for having loyal customers by having customer oriented service and having their view in devising plans and services.

XII. Limitations and Scope for Further Research

The study entailed a few limitations in relation to the sample size, sampling area and the tool used for data analysis. The sample size was relatively small as compared to sample sizes of other such studies on employee satisfaction, customer satisfaction and financial performance. This has an effect on the generalization of the findings. The other limitation of this work concerns the measures for prediction the Employee satisfaction, Customer Satisfaction and Financial Performance as ET, EL, SU, PSQ, CL, BE are not the only predictors as there are many more variables and relationships. The discussed findings and their implications are obtained from one single study that examined particular variables on a particular sector and industry. Thus, need to exercise caution when generalizing the findings and discussion to other sectors or industries. On this basis, our model might also suffer from the fact that subjective norms and other possible factors also influence the financial performance of banking industry. These limitations pave the way for future studies. Furthermore, another interesting avenue for further research could be a detailed study on factors that lead to increase in perceived service quality and customer satisfaction. An important area is to look more deeply on Perceived Service Quality research. Hence, there may be a need to search for additional variables that will improve employee satisfaction, customer satisfaction which will in turn lead to better financial performance. Thus a future study should extend the survey to populations in other Banks, sectors and countries. Also there could be studies to compare the finding from the customers of public and private sector banks. We have used regression analysis to find out the effect of Selected Antecedents of Employees and Customers on Financial Performance in Indian

Banking, future researchers may use other statistical tools such as factor analysis in order to group the variables and analyze its effect.

XIII. Conclusion

Besides the main findings described in the paper with regard to our literature review in relation to the linkage between the antecedents of customer and employees satisfaction and its impact on financial performance, several other points may be emphasized.

Managers have to constantly take various steps to ensure performance and thus to achieve the same, it is not only important to take steps keeping in mind the customers but also their needs to be proper steps to ensure that employees also feel satisfied. In fact, efforts are required to satisfy both the employee and customers within the current competitive scenarios. The paper offers exciting results for managers which points that a efforts are required from the Banks in order to improve the various factors related to employees and customers so as to improve their financial performance.

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