EMPLOYEE–CUSTOMER INTERPERSONAL RELATIONSHIPS AND CUSTOMER SATISFACTION IN PUBLIC SECTOR BANKING: AN EMPIRICAL STUDY

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ABSTRACT

Employee–customer interpersonal relationships are an important dimension of service delivery because customers often evaluate a bank through their direct interactions with employees. This study examines customer perceptions of employee behaviour, interpersonal communication, individual attention, responsiveness and customer relationship practices in public sector banking. A descriptive research design was adopted, and primary data were collected through a structured questionnaire from 92 customers of a selected public sector bank branch in Kerala, using convenience sampling as stated in the project report. The responses were analysed through percentage analysis and a chi-square test. The findings indicate that 83.7% of respondents recognised customer relationship management (CRM) practices in the bank. Positive responses were also recorded for e-banking facilities (62.0%), security measures (61.1%) and innovative technology (60.9%). Individual customer care received agreement from 54.3% of respondents. However, fewer than half agreed that customer needs were met on time (47.7%), customer problems were solved promptly (47.8%) or friendly relationships were maintained (47.8%). The reported chi-square test examined the association between CRM practice recognition and customer retention. The calculated value ($\chi^2 = 4.4826$, df = 3) was below the 5% critical value (7.815); therefore, the null hypothesis was not rejected. The findings point to the importance of courteous behaviour, clear communication, individual attention and timely complaint resolution in strengthening customer experience in public sector banking.

Keywords: Employee–customer relationship; interpersonal communication; customer satisfaction; customer relationship management; public sector banking; service responsiveness.

1. INTRODUCTION

Banking is a service-oriented activity in which customer experience is shaped by financial products, service systems, technology and the quality of employee interaction. Customers approach banks for deposits, withdrawals, account services, cards, digital banking assistance, financial information and complaint resolution. In these encounters, employees represent the institution and influence how customers perceive the reliability, accessibility and quality of its services.

Employee–customer interpersonal relationships refer to the quality of interactions between employees and customers during service delivery. These interactions include verbal and non-verbal communication, courtesy, listening, empathy, responsiveness and problem-solving behaviour. In banking, effective interpersonal relationships can help customers understand procedures, resolve difficulties and develop confidence in the institution.

Customer satisfaction is an overall evaluation of the service experience in relation to customer expectations. It may be influenced by waiting time, accuracy, convenience, security, employee conduct and the way complaints are handled. A customer may value efficient digital facilities but still require personal assistance when using an unfamiliar service or resolving a transaction-related issue. Accordingly, technology and interpersonal service should be viewed as complementary dimensions of banking.

Customer Relationship Management (CRM) is an organised approach to understanding customer requirements, maintaining communication, responding to enquiries and developing long-term relationships. CRM is not limited to software or customer databases. Its effectiveness also depends on employees, organisational processes and the ability to convert customer information into appropriate service. The present study considers CRM from the customer's perspective, with particular attention to the interpersonal dimension of banking services.

From an Industrial Psychology perspective, employee–customer interactions provide an important setting for examining interpersonal behaviour in the workplace. Employee attitudes, communication skills, emotional regulation and service orientation may influence the quality of customer encounters. Studying customer

perceptions can help identify areas where employee development and service processes may be improved.

2. REVIEW OF LITERATURE

Berry (1983) introduced relationship marketing as an approach concerned with attracting, maintaining and enhancing customer relationships. This perspective emphasises continuing relationships rather than isolated transactions. Dwyer, Schurr and Oh (1987) examined the development of buyer–seller relationships over time and highlighted the role of interaction, trust and commitment in relationship development.Parasuraman, Zeithaml and Berry (1985) proposed a conceptual model of service quality and discussed factors that contribute to gaps between customer expectations and service perceptions. Their work is relevant to banking because service quality is experienced through reliability, responsiveness and the conduct of service personnel.

Hallowell (1996) examined the relationship between customer satisfaction, customer loyalty and profitability, indicating the organisational relevance of maintaining satisfied customers. Brown (2000) described CRM as a strategic approach to managing customer relationships, while Swift (2001) discussed the use of CRM and relationship technologies to improve customer understanding and retention.

Chen and Popovich (2003) explained CRM as an integrated approach involving people, processes and technology. Their framework indicates that technology alone cannot ensure effective relationship management; employees and organisational processes are equally important. Rootman, Tait and Bosch (2008) examined employee-related variables influencing CRM effectiveness in banks, including employee attitudes, knowledge and two-way communication.

The literature collectively suggests that customer satisfaction is influenced by both service systems and the quality of interpersonal interaction. Effective relationship management requires employees who are knowledgeable, courteous and responsive, supported by procedures that enable timely service and effective complaint resolution. The present study draws on these perspectives to examine how customers perceive employee interaction and CRM practices in a public sector banking context.

2.1 CONCEPTUAL FRAMEWORK

The study considers employee–customer interpersonal relationships through the dimensions of employee behaviour, communication, individual attention, service responsiveness and complaint handling. Customer satisfaction is considered through customers' evaluations of the services and relationship practices they experience. CRM is treated as an organisational approach that supports the development and maintenance of customer relationships.

The conceptual assumption is that positive employee interaction can contribute to a favourable service experience. Courtesy may create a welcoming environment; clear communication may reduce uncertainty; individual attention may help address specific needs; and timely problem resolution may strengthen confidence. Conversely, delays, unclear information and ineffective complaint handling may weaken customer perceptions. The study is descriptive and does not establish a causal relationship between these dimensions.

3. STATEMENT OF THE PROBLEM

Public sector banks provide a range of financial products and technology-enabled facilities, but customers may experience differences in employee behaviour, communication, individual attention, response time and complaint handling. Such differences may shape customer satisfaction and the quality of the relationship maintained with the bank. It is therefore necessary to understand how customers perceive their interactions with bank employees and to identify areas where interpersonal relationships and service delivery can be improved.

4. OBJECTIVES OF THE STUDY

1. To examine customer perceptions of employee behaviour and interpersonal interactions in banking services.
2. To analyse customer satisfaction with banking services and customer relationship practices.
3. To study the role of employee communication, responsiveness and individual attention in developing customer relationships.
4. To identify customer opinions regarding complaint handling and customer relationship management.
5. To suggest suitable measures for improving employee–customer relationships and customer satisfaction.

5. RESEARCH METHODOLOGY

The study adopted a descriptive research design to understand customers' perceptions of employee behaviour, interpersonal communication, responsiveness and customer relationship practices in public sector banking. The field study was conducted at a selected public sector bank branch in Kerala.

The study covered 92 respondents. The project report identifies convenience sampling as the sampling method. Primary data were collected through a structured questionnaire. Secondary information was drawn from books, journal articles and other published materials referred to in the project. The responses were tabulated and analysed using frequency and percentage analysis. A chi-square test was also reported to examine the association between customer relationship management and customer retention.

5.1 HYPOTHESES

Null hypothesis (H_0): There is no significant relationship between customer relationship management practices and customer retention in the selected bank.

Alternative hypothesis (H_1): There is a significant relationship between customer relationship management practices and customer retention in the selected bank.

The hypotheses above follow the actual relationship tested in the original project's contingency table. The project did not provide a statistical test directly measuring the broader relationship between employee interpersonal behaviour and customer satisfaction; the article therefore does not misstate the chi-square test as testing that broader proposition.

5.2 SCOPE OF THE STUDY

The study focuses on customer perceptions of employee behaviour, interpersonal communication, responsiveness, individual attention and CRM practices in public sector banking. It also considers customer opinions about e-banking facilities, technology, security, complaint resolution and retention-related practices. The analysis is based on 92 customer responses from one selected branch in Kerala. The findings provide insight into the experiences represented in the sample and should not be generalised to all public sector banks or branches.

5.3 LIMITATIONS OF THE STUDY

The study is limited by its sample size and single-branch setting. The responses are self-reported and may be influenced by individual expectations and recent service experiences. Convenience sampling limits the representativeness of the sample. The chi-square analysis concerns CRM and customer retention, not a direct causal effect of employee interpersonal relationships on satisfaction. The findings should therefore be interpreted as descriptive evidence from the surveyed customers.

6. RESULTS AND DISCUSSION

6.1 PROFILE OF RESPONDENTS

A total of 92 customers participated in the study. Respondents aged 20–30 years formed the largest age group (81.5%). Male respondents accounted for 59.8% and female respondents for 40.2%. Graduates represented 52.2% of the sample and postgraduates 39.1%. Nearly half of the respondents (47.8%) reported monthly income below ₹20,000.

Profile variable	Category	No.	%
Age	20–30 years	75	81.5
	30–40 years	11	12.0
	40–50 years	6	6.5
Gender	Male	55	59.8
	Female	37	40.2
Education	Graduate	48	52.2
	Postgraduate	36	39.1
Monthly income	Below ₹20,000	44	47.8
	₹20,000–₹40,000	26	28.3
	₹40,000–₹60,000	14	15.2
	Above ₹60,000	8	8.7

The respondent profile shows that the sample was concentrated in the 20–30 age group. The results therefore primarily reflect the views of younger customers. The educational profile indicates that most respondents had graduate or postgraduate qualifications. These characteristics should be considered when interpreting views about digital banking and customer service.

6.2 CUSTOMER PERCEPTIONS OF RELATIONSHIP PRACTICES

The responses indicate that most respondents recognised the bank's CRM practices. A total of 77 respondents (83.7%) answered that the bank followed CRM practices, while 15 (16.3%) answered negatively. The findings on selected service dimensions are summarised below.

Service dimension	Agree	Interpretation
Recognition of CRM practices	83.7	Strong recognition
Distribution of updated brochures	53.3	Modest majority
Individual care to customers	54.3	Moderately positive
Timely meeting of customer needs	47.7	Below half
E-banking facilities	62.0	Positive perception
Timely solution of customer problems	47.8	Improvement needed
Use of innovative technology	60.9	Positive perception
Good security measures	61.1	Positive perception
Friendly relationship with customers	47.8	Improvement needed
Encouragement to use net banking	62.0	Positive perception
Efforts to retain customers	57.6	More than half agreed

The highest positive response among the selected dimensions related to recognition of CRM practices (83.7%). More than half of the respondents also expressed favourable views about e-banking facilities (62.0%), security measures (61.1%), innovative technology (60.9%) and encouragement to use net banking (62.0%). These responses suggest that customers recognise the presence of formal relationship practices and technology-enabled banking services.

Individual customer care received agreement from 54.3% of respondents, while 53.3% agreed that updated brochures were distributed. These results indicate that slightly more than half of the sample viewed these practices positively. However, the responses also suggest that such assistance may not be experienced consistently by all customers.

6.3 SERVICE RESPONSIVENESS AND COMPLAINT HANDLING

Fewer than half of respondents agreed that customer needs were met on time (47.7%) or that customer problems were solved promptly (47.8%). Friendly relationships with customers also received 47.8% agreement. These comparatively lower responses identify areas requiring attention. Timely service is important in banking because customers may visit branches to resolve account, payment, documentation or transaction-related issues.

The availability of digital facilities and formal CRM practices should be supported by effective interpersonal assistance. Customers who experience difficulty with digital platforms may depend on employees for guidance. Clear explanations, patient assistance and effective follow-up can help ensure that technology improves rather than complicates the service experience.

Complaint handling is an important part of customer relationship management. When a problem is acknowledged, resolved promptly and followed up appropriately, confidence in the bank may be strengthened. Where complaints remain unresolved or customers are required to repeat information, dissatisfaction may increase. The comparatively low

response relating to prompt problem resolution therefore deserves managerial attention.

6.4 INTERPRETATION

Overall, the results show a mixed pattern. Customers recognised CRM practices and expressed favourable views about technology and security. However, responses relating to timeliness, problem resolution and friendly employee relationships were comparatively weaker. This indicates that customer experience depends on both the systems provided by the bank and the way employees translate those systems into accessible and responsive service.

7. HYPOTHESIS TESTING

The original project examined the association between customer relationship management practices and customer retention. The contingency table classified responses on customer retention against whether respondents recognised CRM practices. The reported chi-square calculation is reproduced below.

Test parameter	Value
Calculated chi-square (χ^2)	4.4826
Degrees of freedom	3
Critical value at 5% level	7.815
Decision	Do not reject H_0

The calculated chi-square value of 4.4826 is lower than the critical value of 7.815 at 3 degrees of freedom and the 5% significance level. Accordingly, the null hypothesis is not rejected. The reported test does not establish a statistically significant association between CRM practice recognition and customer retention in the sample.

This result should not be interpreted as proof that CRM practices have no relationship with customer retention. It indicates only that the reported test did not provide sufficient statistical evidence at the specified significance level. The conclusion is limited to the variables and data used in the original contingency table.

The original project's chi-square working should be independently rechecked before submission, particularly the expected frequencies and the treatment of the zero observed frequency in one cell. The article reports the statistic and decision stated in the project and does not claim to have recalculated it from respondent-level raw data.

8. MAJOR FINDINGS

1. The study included 92 customers, of whom 81.5% were aged 20–30 years.
2. Male respondents represented 59.8% and female respondents 40.2% of the sample.
3. A total of 83.7% of respondents recognised CRM practices in the bank.
4. Positive responses were recorded for e-banking facilities (62.0%), security measures (61.1%) and innovative technology (60.9%).
5. Individual customer care received 54.3% agreement.
6. Fewer than half agreed that customer needs were met on time (47.7%) and customer problems were solved promptly (47.8%).
7. Friendly employee–customer relationships received 47.8% agreement.
8. The reported chi-square test did not establish a statistically significant association between CRM practice recognition and customer retention at the 5% level.

9. SUGGESTIONS

1. Provide regular employee training in communication, active listening, courtesy, empathy and customer-handling skills.
2. Improve response time for routine customer requests and establish clear procedures for complaint escalation and follow-up.
3. Encourage employees to provide individual attention and explain banking procedures in simple, accessible language.
4. Conduct periodic customer-feedback exercises and use the results to address recurring service issues.
5. Offer practical guidance to customers using e-banking and net banking, while communicating essential digital security measures.
6. Strengthen coordination among employees so customers receive consistent information and timely assistance.

10. DISCUSSION

The study reinforces the importance of employee behaviour and interpersonal communication in service organisations. The favourable responses relating to CRM practices and technology suggest that customers recognise several service initiatives. However, the comparatively lower responses on timely service, prompt complaint resolution and friendly relationships indicate that customer experience is not determined by systems alone.

In public sector banking, employees interact with customers who differ in their familiarity with financial products and digital channels. An employee's ability to listen, understand the concern and explain the next steps in clear language can reduce uncertainty and improve the service encounter. These interpersonal skills are particularly relevant for customers seeking assistance with unfamiliar procedures or complex transactions.

The findings also point to the importance of service recovery. A delay or service failure may not necessarily result in lasting dissatisfaction if the bank responds transparently, takes responsibility and provides a timely solution. Conversely, poor communication during complaint handling can damage confidence even when the underlying issue is eventually resolved.

10.1 CUSTOMER RELATIONSHIP MANAGEMENT IN BANKING

CRM is a continuing organisational process rather than a single customer-service activity. It involves understanding customer requirements, maintaining relevant information, communicating service information, responding to enquiries and sustaining relationships over time. Customers experience CRM not only through formal systems but also through everyday employee conduct.

The relationship lifecycle includes acquiring new customers, enhancing existing relationships and

recovering relationships where dissatisfaction has occurred. These stages require consistent communication and reliable follow-up. The survey finding that most respondents recognised CRM practices is encouraging, while the weaker responses on prompt service suggest that relationship initiatives must be reflected in daily service delivery.

10.2 EMPLOYEE INTERPERSONAL BEHAVIOUR AND CUSTOMER EXPERIENCE

Courtesy and respect are basic elements of positive interpersonal behaviour. Customers expect to be treated fairly and without unnecessary delay. Communication is effective when information is accurate, understandable and appropriate to the customer's needs. Employees can support customer understanding by explaining requirements step by step, confirming that the customer has understood the information and indicating what action will follow.

Responsiveness concerns the willingness and ability to provide assistance within a reasonable time. The survey responses relating to timely service and prompt problem resolution indicate that these areas deserve attention. Individual attention is also important because customers may differ in their requirements and familiarity with banking procedures.

10.3 ORGANISATIONAL IMPLICATIONS

The findings have implications for employee development, branch-level service management and customer relationship practices. Banks may incorporate interpersonal communication and customer-handling competencies into regular staff development programmes. Training can include active listening, respectful language, conflict management, empathy and the ability to explain financial procedures without unnecessary technical terms.

Service processes should be reviewed to reduce avoidable waiting time and repeated visits. Clear service standards, queue management, designated customer assistance and transparent complaint escalation can improve responsiveness. Customer feedback should be collected periodically and reviewed by branch management so that recurring service issues can be addressed.

Digital banking initiatives should be accompanied by practical customer education. Employees can help customers understand digital channels, basic security precautions and the procedure for reporting suspicious transactions. Such support can improve customer confidence while encouraging safe use of technology.

10.4 SCOPE FOR FUTURE RESEARCH

Future studies may include customers from multiple branches and different public sector banks to compare service experiences across locations. A larger sample and a clearly documented sampling procedure would improve the scope for broader interpretation. Researchers may also use validated scales to measure employee communication, perceived service quality, trust and customer satisfaction.

Further analysis using respondent-level data could examine whether demographic characteristics or frequency of branch visits are associated with customer perceptions. A longitudinal study could assess whether customer perceptions change after employee training or service-process improvements. Qualitative interviews with customers and bank employees may provide additional insight into service delays, complaint-handling experiences and differences in customer expectations.

11. LIMITATIONS

The study is limited to 92 customers from one selected public sector bank branch in Kerala. The findings may not represent customers across all branches, regions or public sector banks. The responses reflect self-reported perceptions and may be influenced by personal expectations, the type of service recently received and individual experiences. Convenience sampling also limits generalisability.

The statistical test in the original project examines CRM practice recognition and customer retention; it does not directly test the influence of employee interpersonal relationships on customer satisfaction. The article has retained this distinction to avoid overstating the statistical evidence. The original chi-square working should be verified against the raw data before final journal submission.

12. CONCLUSION

The study highlights the importance of employee–customer interpersonal relationships in shaping customer experiences in public sector banking. Most respondents recognised the presence of CRM practices and expressed favourable views about digital facilities, security, technology and individual attention. At the same time, lower agreement relating to timely service, complaint resolution and friendly employee interaction indicates areas requiring improvement.

The reported hypothesis test did not establish a statistically significant association between CRM practice recognition and customer retention at the 5% level. This result is limited to the variables tested and does not establish that interpersonal relationships are unimportant. The descriptive findings nevertheless show that communication, courtesy, responsiveness and problem-solving are important dimensions of the banking experience.

Public sector banks can strengthen customer relationships by investing in employee interpersonal skills, improving service responsiveness, simplifying complaint procedures and providing practical digital guidance. A customer-oriented culture supported by effective systems and well-trained employees can contribute to more positive and reliable banking experiences.

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