

**THE IMPACT OF CUSTOMER ORIENTED HRM ON
EMPLOYEE'S CUSTOMER ORIENTATION: THE MEDIATING
ROLE OF EMPLOYEE ATTITUDE TOWARDS CUSTOMERS**



FCM2973

Project Report
Main Library, Eastern University, Sri Lanka



BY

SASITHARAN VERTHISHALINI

REGISTRATION NUMBER: EU/IS/2019/MS/13

INDEX NUMBER: MS 2193

A Project Report Submitted to the Faculty of Commerce and Management, Eastern University, Sri Lanka. As a Partial Fulfillment of the Requirement for the Degree of Bachelor of Business Administration Honours in HRM.

DEPARTMENT OF MANAGEMENT

FACULTY OF COMMERCE AND MANAGEMENT

EASTERN UNIVERSITY, SRI LANKA

2025

ABSTRACT

This study investigates the impact of Customer-Oriented Human Resource Management (CO-HRM) on Employee Customer Orientation (ECO) within the selected banks in Nuwara Eliya District of Sri Lanka. The study also examines the mediating role of Employee Attitude towards Customers (EATC) in this relationship.

The study population comprised employees of selected banks operating in the Nuwara Eliya district. Primary data were collected using a structured questionnaire among 270 bank employees using a proportionate stratified random sampling technique. This study has used descriptive statistics, correlation analysis, simple and multiple regression analyses, as well as mediation analysis to analyze the collected and test the proposed hypotheses.

Finding of the study revealed a strong positive correlation between CO-HRM and both EATC and ECO, with CO-HRM explaining a significant proportion of the variance in employee behavior and attitudes. Mediation analysis indicated that EATC partially mediated the relationship between CO-HRM and ECO, emphasizing its crucial role in translating HR practices into effective customer-oriented behavior.

It is concluded that Customer-Oriented HRM positively impacts Employee Customer Orientation, with Employee Attitude towards Customers playing a significant mediating role. The findings offer practical insights for HR managers and policymakers in the banking sector, stressing the importance of aligning HR strategies with customer-centric objectives to enhance service delivery and organizational performance.

Keywords: *Customer-Oriented HRM, Employee Attitude towards Customers, Employee Customer Orientation.*

LIST OF TABLES

Table 3.1 Summary of Operationalization for Demographic Profile.....	- 31 -
Table 3.2 Summary of Operationalization for Independent Variable	- 32 -
Table 3.3 Summary of Operationalization for Mediating Variable.....	- 33 -
Table 3.4 Summary of Operationalization for Dependent Variable.....	- 33 -
Table 4.1 Population size of each bank.....	- 40 -
Table 4.2 Sample Size of each Bank.....	- 43 -
Table 4.3: Indicators and Attributes of General Information	- 45 -
Table 4.4: Likert Scale for Research.....	- 46 -
Table 4.5 Reliability Analysis for Pilot Study	- 47 -
Table 4.6: Decision Criteria for Reliability Analysis.....	- 49 -
Table 4.7 Four Steps Approach of Mediation Analysis	- 54 -
Table 4.8: Decision Criteria for Univariate Analysis.....	- 55 -
Table 4.9: Decision Rule for Correlation Analysis	- 55 -
Table 4.10: Decision Criteria for Hypothesis Testing.....	- 56 -
Table 5.1 Reliability Analysis for Overall Variables.....	- 60 -
Table 5.2 Gender Distribution of Respondents.....	- 60 -
Table 5.3 Age Distribution of Respondents	- 61 -
Table 5.4 Type of Organization of Respondents.....	- 61 -
Table 5.5 Name of the Bank	- 62 -
Table 5.6 Distribution of Working Experience	- 63 -
Table 5.7 Distribution of Job Title.....	- 63 -
Table 5.8 Overall Values of Customer-Oriented HRM, Employee Attitude towards Customers, and Employee Customer Orientation.....	- 65 -
Table 5.9 Level of Customer-Oriented HRM in Selected Banks.....	- 66 -
Table 5.10: Level of Employee Attitude towards Customers in Selected Banks....	- 67 -

4.8.1 Population of the Study.....	- 39 -
4.8.2 Sampling Technique/Method	- 41 -
4.8.3 Sampling Framework and Sample Size	- 41 -
4.9 Method of Data Collection.....	- 43 -
4.10 Research Instrument.....	- 44 -
4.11 Source of Measurement	- 45 -
4.11.1 Sources of Measuring Personal Information.....	- 45 -
4.11.2 Source of Measuring Research Information	- 46 -
4.12 Pilot Study.....	- 47 -
4.13 Validity and Reliability of Instrument.....	- 48 -
4.13.1 Validity	- 48 -
4.13.2 Reliability.....	- 48 -
4.14 Unit of Analysis	- 49 -
4.15 Method of Data Analysis	- 50 -
4.15.1 Univariate Analysis.....	- 50 -
4.15.2 Bivariate Analysis	- 50 -
4.15.2.1 Correlation Analysis.....	- 51 -
4.15.3 Multivariate Analysis	- 52 -
4.15.3.1 Regression Analysis	- 52 -
4.15.3.2 Mediation Analysis	- 53 -
4.16 Method of Data Evaluation	- 54 -
4.16.1 Univariate Analysis.....	- 54 -
4.16.2 Bivariate Analysis	- 55 -
4.16.2.1 Correlation Analysis.....	- 55 -
4.16.3 Multivariate Analysis	- 56 -
4.16.3.1 Mediation Analysis	- 56 -

4.16.4 Testing Hypothesis	- 56 -
4.17 Data Presentation	- 57 -
4.18 Ethical Consideration	- 57 -
4.19 Chapter Summary	- 58 -
Chapter – 5	- 59 -
Data Presentation and Analysis	- 59 -
5.1 Introduction	- 59 -
5.2 Reliability Analysis	- 59 -
5.3 Analysis of Personal Information.....	- 60 -
5.3.1 Distribution of Gender	- 60 -
5.3.2 Distribution of Age Table.....	- 61 -
5.3.3 Type of Organization.....	- 61 -
5.3.4 Name of the Bank	- 62 -
5.3.5 Distribution of Working Experience	- 63 -
5.3.6 Distribution of Job Title	- 63 -
5.4 Data Presentation and Analysis of Research Objectives.....	- 64 -
5.4.1 Univariate Analysis.....	- 64 -
5.4.1.1 Mean and Standard Deviation of Customer-Oriented HRM, Employee Attitude towards Customers, and Employee’s Customer Orientation in the Selected Banks in Nuwara Eliya District.....	- 64 -
5.4.1.2 Levels of Study Variables According to Selected Banks	- 65 -
5.4.2 Bivariate Analysis	- 69 -
5.4.2.1 Correlation Analysis.....	- 69 -
5.4.2.1.1 Correlation between Customer-Oriented HRM and Employee’s Customer Orientation	- 70 -
5.4.2.1.2 Correlation between Customer-Oriented HRM and Employee Attitude towards Customers	- 71 -

5.4.2.1.3 Correlation between Employee Attitude towards Customers and Employee's Customer Orientation	- 72 -
5.4.3 Mediation Analysis	- 73 -
5.4.3.1 Step 1 - Simple Regression of Customer-Oriented HRM on Employee's Customer Orientation	- 73 -
5.4.3.2 Step 2 - Simple Regression of Customer-Oriented HRM on Employee Attitude towards Customers.....	- 76 -
5.4.3.3 Step 3 - Simple Regression of Employee Attitude towards Customers on Employee's Customer Orientation.....	- 78 -
5.4.3.4 Step 4 - Multiple Regression of Employee's Customer Orientation on Both Customer-Oriented HRM and Employee Attitude towards Customers-	81
5.4.3.5 Mediation Effect and Test of Statistical Effect of Mediation	- 84 -
5.5 Chapter Summary	- 86 -
Chapter – 6	- 88 -
Findings and Discussion	- 88 -
6.1 Introduction.....	- 88 -
6.2 Discussion of Personal and Organizational Information	- 88 -
6.2.1 Gender.....	- 88 -
6.2.2 Age Distribution.....	- 89 -
6.2.4 Name of the Bank	- 89 -
6.2.5 Distribution of Working Experience	- 90 -
6.2.6 Distribution of Job title	- 90 -
6.3 Discussion on Research Information	- 91 -
6.3.1 Discussion for Objective One	- 91 -
6.3.1.1 Discussion of Level of Customer-oriented HRM	- 91 -
6.3.1.2 Discussion of Level of Employee Attitude towards customers	- 92 -

6.3.1.3 Discussion of Level of Employee's Customer Orientation	- 92 -
6.3.2 Discussion for Objective 2.....	- 93 -
6.3.2.1 Correlation between Customer-Oriented HRM and Employee Customer Orientation	- 93 -
6.3.2.2 Correlation between Customer-Oriented HRM and Employee Attitude towards Customers.....	- 94 -
6.3.2.3 Correlation between Employee Attitude towards Customers and Employee Customer Orientation.....	- 95 -
6.3.3 Discussion for Objective 3.....	- 96 -
6.3.3.1 Mediation analysis of overall bank sector	- 96 -
6.3.4 Discussion of Hypothesis Testing.....	- 99 -
6.5 Chapter Summary	- 101 -
Chapter-7.....	- 103 -
Conclusion and Recommendations	- 103 -
7.1 Introduction.....	- 103 -
7.2 Conclusions of the Research objectives.....	- 103 -
7.2.1 First Objective of the Study.....	- 104 -
7.2.2 Second Objective of the Study.....	- 104 -
7.2.3 Third Objective of the Study.....	- 105 -
7.3 Contribution of the Study.....	- 106 -
7.4 Recommendations of this Study	- 107 -
7.5 Limitations of the Study.....	- 109 -
7.6 Future Research Direction	- 110 -
LIST OF REFERENCES	- 113 -
APPENDIX: 01.....	- 125 -
RESEARCH QUESTIONNAIRE	- 125 -