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The Employee-Customer-Finance Nexus: A Pathway to Organizational Sustainability

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Abstract

This study examines the employee-customer-finance nexus by investigating how employee engagement influences financial performance directly and indirectly through customer satisfaction. Drawing on the service-profit chain perspective and the resource-based view, the study conceptualizes employee engagement as an important organizational resource capable of generating value through both internal performance mechanisms and improved customer outcomes. A quantitative, cross-sectional research design was adopted, and data were collected through a structured questionnaire from 300 organizational respondents. Employee engagement, customer satisfaction, and financial performance were measured using established and adapted multi-item scales. The proposed relationships were tested using partial least squares structural equation modelling (PLS-SEM) with ADANCO 2.4.1, supported by 5,000 bootstrap resamples. The measurement model demonstrated satisfactory reliability, convergent validity, discriminant validity, and acceptable model fit. The structural results showed that employee engagement positively influences customer satisfaction and financial performance, while customer satisfaction also contributes positively to financial performance. Moreover, customer satisfaction significantly and partially mediates the relationship between employee engagement and financial performance, indicating that engaged employees create financial value through both direct organizational mechanisms and enhanced customer experiences. The study contributes theoretically by integrating employee, customer, and financial perspectives within a unified framework and by positioning customer satisfaction as a transmission mechanism between employee engagement and financial outcomes. Practically, the findings encourage organizations to integrate human resource, customer-management, and financial strategies rather than treating them as independent functional areas. Overall, the employee-customer-finance nexus provides an important foundation for sustained organizational performance and long-term organizational sustainability.

Keywords: *Employee engagement; Customer satisfaction; Financial performance; PLS-SEM; Organizational sustainability*

Introduction

Organizations increasingly operate in environments where long-term performance depends not only on financial resources and competitive strategies but also on the quality of relationships they maintain with employees and customers. Employees represent the internal human foundation of organizational performance, while customers determine market acceptance, revenue continuity, and business growth. Despite their strategic importance, employee-related outcomes, customer-related outcomes, and financial performance are often managed and studied as separate organizational domains. Contemporary organizations therefore require a more integrated understanding of how employee attitudes are translated into customer experiences and subsequently into financial outcomes. This need provides the basis for examining the employee-customer-finance nexus as a pathway toward sustained organizational performance and, ultimately, organizational sustainability. Among employee-related factors, employee engagement has attracted considerable attention because engaged employees tend to exhibit greater involvement, enthusiasm, discretionary effort, commitment, and willingness to contribute beyond formally prescribed job responsibilities (Mishra & Biswal, 2024). Organizations invest substantial resources in engagement initiatives because highly engaged employees are expected to contribute to productivity, innovation, service quality, and organizational effectiveness. However, engagement should not be viewed exclusively as an internal human resource outcome. Employees, particularly those interacting directly or indirectly with customers, influence how organizational values and service promises are delivered in practice. Their behaviour can therefore shape customers' perceptions of service quality, responsiveness, reliability, and overall organizational experience.

Customer satisfaction is similarly recognized as an important determinant of organizational success. Satisfied customers are more likely to maintain relationships with organizations, make repeat purchases, recommend products and services to others, and exhibit lower switching intentions (Bolton, 2020). These behavioural consequences can strengthen revenue stability, market position, and profitability. A substantial body of marketing literature has therefore examined customer satisfaction as an antecedent of customer loyalty and organizational performance (Bolton, 2020). At the same time, strategic management and accounting research has emphasized financial performance as a critical indicator of an organization's ability to generate returns, maintain competitiveness, and sustain its activities over time. Although employee engagement, customer satisfaction, and financial performance have individually received significant scholarly attention, an important problem remains. Existing research frequently examines the employee-performance, employee-customer, or customer-financial performance relationships separately rather than integrating them into a unified explanatory framework (Prasad et al., 2025). Consequently, there remains insufficient clarity regarding the process through which engagement among employees may ultimately generate financial value. In particular, limited attention has been devoted to examining whether customer satisfaction functions as a mediating mechanism between employee engagement and financial performance. Understanding this mechanism is important because establishing a direct relationship between engagement and financial outcomes alone does not explain how employee-related resources are converted into marketplace and financial benefits.

The theoretical reasoning underlying the proposed nexus is broadly consistent with the service-profit chain perspective, which proposes that internal organizational conditions influence employee attitudes and behaviours, which subsequently affect customer outcomes and organizational profitability (Hogreve et al., 2017). The study can also be interpreted from the resource-based view, according to which valuable human resources and organizational capabilities can contribute to sustained competitive advantage (Eren & Kılıçhan, 2026). From this perspective, employee engagement represents an intangible organizational resource whose value may be realized through superior employee behaviours, enhanced customer experiences, and improved financial outcomes. Customer satisfaction therefore provides a critical bridge between an organization's internal human capital and its external market performance. The research gap is particularly important in the context of organizational sustainability. Sustainable organizational performance requires organizations to maintain a balance among internal workforce effectiveness, stakeholder satisfaction, and financial viability. Focusing excessively on short-term financial outcomes without considering employees and customers may weaken the foundations necessary for long-term organizational continuity. Conversely, employee engagement programmes that are disconnected from customer and financial outcomes may be difficult for managers to justify strategically. An integrated employee-customer-finance perspective can therefore help explain how human resource investments create broader organizational value.

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Accordingly, the primary objective of this study is to examine the relationships among employee engagement, customer satisfaction, and financial performance and to determine whether customer satisfaction mediates the relationship between employee engagement and financial performance. The study addresses the central research question: *How does employee engagement contribute to financial performance, and to what extent is this relationship transmitted through customer satisfaction?* To answer this question, the study evaluates the direct effects of employee engagement on customer satisfaction and financial performance, the effect of customer satisfaction on financial performance, and the indirect employee engagement-financial performance relationship through customer satisfaction.

The study makes several contributions. First, theoretically, it integrates employee, customer, and financial perspectives into a single structural framework, thereby connecting research streams that are frequently examined independently. Second, it extends employee engagement research by identifying customer satisfaction as an explanatory mechanism through which employee engagement can generate financial value, rather than limiting the analysis to a simple direct relationship. Third, from a managerial perspective, the study demonstrates why engagement, customer management, and financial performance should not be managed as isolated functional responsibilities. The framework encourages greater coordination among human resource, marketing, customer-service, and financial functions.

Overall, by examining the sequential connections between engaged employees, satisfied customers, and financial performance, the study develops a more comprehensive understanding of how internal organizational resources can produce external market and economic outcomes. In doing so, it positions the employee-customer-finance nexus as an important foundation for enduring organizational performance and a potential pathway toward organizational sustainability.

Literature Review and Hypothesis Development

Theoretical Foundation

The proposed employee-customer-finance nexus is primarily grounded in the **service-profit chain perspective** and supported by the **resource-based view (RBV)** of the firm. The service-profit chain explains how internal organizational conditions influence employee attitudes and behaviours, which subsequently shape customer experiences and ultimately contribute to revenue growth and profitability (Eren & Kılıçhan, 2026). Its central proposition is that organizational performance is not generated solely through financial or market mechanisms; rather, financial outcomes emerge partly from a sequence beginning with employees and extending through customers. Within this logic, employee engagement represents an important internal organizational condition. Engaged employees are more likely to invest physical, cognitive, and emotional effort in their roles, which may influence the quality, consistency, and responsiveness of service delivered to customers. Positive customer experiences can subsequently increase satisfaction, retention, repeat purchasing, and other behaviours with financial consequences. The service-profit chain therefore provides the principal theoretical explanation for the proposed sequence:

Employee Engagement → Customer Satisfaction → Financial Performance

The RBV offers a complementary explanation for the direct contribution of employee engagement to financial performance. According to RBV, organizations can achieve competitive advantage by developing valuable, relatively difficult-to-imitate internal resources and capabilities (Lubis, 2022). Human resources become strategically valuable when employees' knowledge, motivation, relationships, and discretionary behaviours contribute to organizational effectiveness. Employee engagement can consequently be viewed as an intangible organizational resource because it represents employees' willingness to devote sustained effort and psychological involvement to organizational activities. When engagement improves productivity, service delivery, innovation, coordination, and resource utilization, it may contribute directly to superior financial outcomes. Together, these theoretical perspectives suggest that employee engagement can produce financial value through both internal and external pathways. The internal pathway connects engagement directly with financial performance through employee productivity and organizational effectiveness, while the external pathway operates through improved customer satisfaction.

Employee Engagement

Employee engagement refers to the degree to which employees invest themselves psychologically, cognitively, emotionally, and behaviourally in the performance of their work roles (Keppetipola & Iddagoda, 2021). It is generally reflected in enthusiasm, involvement, energy, dedication, absorption, and willingness to exert discretionary effort. Engagement is conceptually different from job satisfaction and organizational commitment. Job satisfaction primarily reflects how positively employees evaluate their jobs, while organizational commitment represents attachment to the organization. Engagement, in contrast, emphasizes active investment of the self in work performance. Existing research has associated employee engagement with a wide range of desirable organizational outcomes, including productivity, task performance, organizational citizenship behaviour, reduced turnover intentions, service performance, and organizational effectiveness (Wardhani et al., 2020). However, engagement research has frequently concentrated on employee-level outcomes. Relatively less attention has been given to how engagement crosses organizational boundaries to affect customers and subsequent financial outcomes. This distinction is important because engagement may have strategic relevance beyond traditional human resource measures.

Customer Satisfaction

Customer satisfaction represents a customer's overall evaluation of whether an organization's product, service, or experience adequately or positively fulfils expectations and consumption-related needs (Bolton, 2020). It develops from comparisons between prior expectations and actual experiences and is therefore influenced by product quality, employee behaviour, service reliability, responsiveness, value, and other elements of the customer experience. Customer satisfaction occupies an important position between organizational actions and subsequent customer behaviours. Satisfied customers may demonstrate stronger repurchase intentions, loyalty, positive word-of-mouth, lower switching intentions, and greater willingness to continue relationships with an organization (Willy Jack Sumampouw et al., 2025). These outcomes make customer satisfaction an important intangible market-based asset. Nevertheless, prior evidence concerning satisfaction and organizational performance has not always been completely uniform. Some studies have reported strong associations with profitability and market outcomes, whereas others suggest that the financial effects of satisfaction can depend on customer acquisition costs, competition, industry characteristics, loyalty, pricing strategies, and the resources required to achieve high satisfaction levels (Wu, 2024). Consequently, customer satisfaction should not necessarily be interpreted as automatically producing financial success; rather, it represents an important mechanism whose economic value depends partly on organizational and market conditions.

Financial Performance

Financial performance refers to the organization's ability to generate desirable economic outcomes from its operations and strategic activities. It can be reflected through profitability, sales or revenue growth, return on investment, return on assets, and overall financial performance relative to competitors (Hada, 2020). Financial performance is particularly important because it reflects whether organizational strategies and resources ultimately create economically sustainable value. Although financial performance is traditionally examined through accounting and strategic variables, contemporary research increasingly recognizes that intangible assets—including employee capabilities, customer relationships, organizational culture, and knowledge—can substantially influence financial outcomes (Cardenas et al., 2024). This provides the theoretical basis for linking employee engagement and customer satisfaction with organizational financial results.

Employee Engagement and Customer Satisfaction

The relationship between employee engagement and customer satisfaction can be explained through employees' role in delivering organizational value to customers. Engaged employees typically demonstrate greater enthusiasm, attentiveness, persistence, and willingness to devote additional effort to work activities. In customer-facing environments, these characteristics may translate into better interpersonal interactions, faster problem resolution, greater responsiveness, and more consistent service delivery. The service-profit chain proposes that positive employee outcomes contribute to superior external service value and customer satisfaction (Chen & Chi, 2021). Supporting research has linked employee attitudes, engagement, and service climate with customer evaluations and customer-related performance outcomes (Eren & Kılıçhan, 2026). Engaged employees may also demonstrate greater organizational citizenship behaviour, voluntarily assisting customers and colleagues beyond minimum role requirements. However, prior findings also suggest that the employee-customer relationship may not be universally strong. Customer satisfaction is simultaneously influenced by product quality, pricing, digital interfaces, logistics, brand reputation, and organizational systems. Consequently, high employee engagement may have a stronger customer impact in service-intensive settings than in contexts where customer interaction with employees is limited. Despite these contextual differences, theoretical reasoning supports a positive overall relationship.

H1: Employee engagement has a significant positive effect on customer satisfaction.

Customer Satisfaction and Financial Performance

Customer satisfaction can create financial value through several mechanisms. Satisfied customers are more likely to remain with an organization, make repeated purchases, recommend the organization to others, and exhibit lower sensitivity to competing alternatives (Kabue, 2020). Customer retention may reduce replacement and acquisition costs while repeated transactions can contribute to revenue continuity. Positive word-of-mouth may further generate new customers at relatively low promotional cost. Previous research has generally linked customer satisfaction with revenue growth, profitability, shareholder value, and other performance outcomes (Fornell et al., 2020). From a relationship-marketing perspective, satisfied customers represent economic assets because their continued patronage generates future cash flows. Nevertheless, evidence is not entirely conclusive. Some studies suggest that expenditures required to maximize customer satisfaction can reduce short-term profitability, while others indicate diminishing financial returns beyond particular satisfaction levels (Fornell et al., 2020). The relationship may also differ across industries and competitive conditions. Yet, at a general level, customers who consistently perceive superior value are more likely to generate favourable economic consequences. Accordingly:

H2: Customer satisfaction has a significant positive effect on financial performance.

Employee Engagement and Financial Performance

Employee engagement may influence financial performance independently of customer satisfaction. Engaged employees tend to demonstrate stronger task performance, discretionary effort, persistence, innovation, cooperation, and commitment to organizational objectives (Harilal & Santhosh, 2022). Such behaviours can increase productivity, reduce operating inefficiencies, lower turnover-related costs, and improve utilization of organizational resources. From an RBV perspective, engaged employees represent a valuable human resource capable of contributing to competitive advantage. Engagement may be particularly difficult to reproduce because it develops through combinations of leadership, organizational culture, management practices, employee experiences, and psychological relationships between employees and organizations. Prior research has found positive associations between engagement and various organizational performance indicators, including productivity, profitability, and business-unit

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outcomes (Bano & Khatun, 2025). However, other studies caution that relationships between employee attitudes and organizational financial performance may be indirect or context-dependent because financial results are also affected by strategy, competition, economic conditions, technological capabilities, and operational decisions (Sakthipriya et al., 2025). Despite these considerations, both RBV and previous empirical evidence support a positive direct effect.

H3: Employee engagement has a significant positive effect on financial performance.

Mediating Role of Customer Satisfaction

Directly linking employee engagement with financial performance provides only a partial explanation of the employee-performance relationship. The service-profit chain suggests that employees influence financial outcomes partly through their effects on customers. Accordingly, customer satisfaction is proposed as a mechanism through which internal employee engagement is converted into external market and economic value. Engaged employees may provide better service, respond more effectively to customer needs, and demonstrate behaviours that enhance customer experiences. Higher customer satisfaction may subsequently produce repeat purchases, customer retention, recommendations, and revenue stability, thereby improving financial performance. Thus, customer satisfaction represents a conceptual bridge between the organization's internal human-resource environment and its external financial outcomes. The mediation perspective also helps reconcile variations in previous findings concerning the direct employee engagement-financial performance relationship. Where studies observe weaker direct effects, it may be because a substantial proportion of engagement's value is transmitted through intermediate outcomes such as service quality, customer satisfaction, innovation, or productivity. Conversely, a remaining direct effect would suggest that employee engagement creates financial value through multiple mechanisms. Therefore:

H4: Customer satisfaction mediates the positive relationship between employee engagement and financial performance.

Based on the service-profit chain and resource-based perspective, the conceptual framework proposes three direct relationships and one mediating relationship (figure 1). The framework conceptualizes employee engagement as the principal internal organizational resource, customer satisfaction as the market-based transmission mechanism, and financial performance as the organizational outcome.

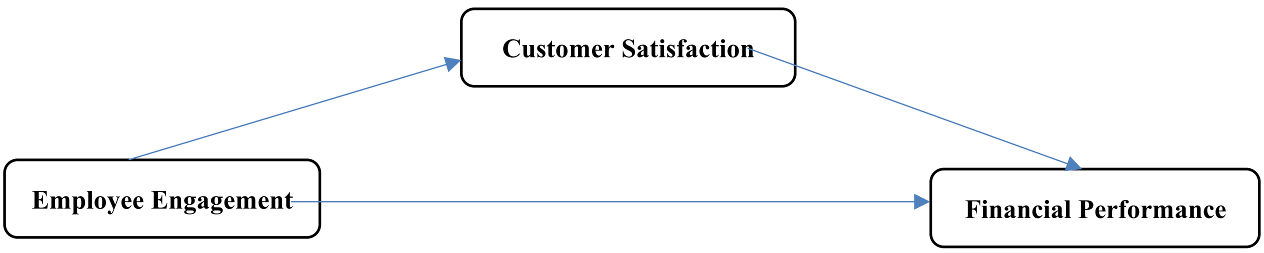

Figure 1. Conceptual Framework

Methodology

The study adopted a quantitative, cross-sectional research design to examine the employee-customer-finance nexus by investigating the relationships among employee engagement, customer satisfaction, and financial performance. A survey-based approach was appropriate because the study sought to measure respondents' perceptions of latent organizational constructs and statistically test both direct and mediating relationships. The hypothesized model was explanatory and predictive in nature, making structural equation modelling appropriate for simultaneously assessing the measurement and structural components of the research framework. The target population

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comprised organizational employees who were sufficiently familiar with their work environment and organizational performance to provide meaningful assessments of employee engagement, customer-related outcomes, and financial performance. A targeted non-probability sampling approach was used to obtain respondents relevant to the research objectives. Participation was restricted to individuals currently associated with an organization and capable of responding to the complete measurement instrument. After data screening, 300 usable responses were retained for analysis. The sample size was considered adequate for the proposed PLS-SEM model because the framework contained only three latent constructs and a maximum of two predictor constructs directed toward a single endogenous variable. The sample therefore substantially exceeded commonly recommended minimum requirements for a model of this complexity. The relatively large sample also provided sufficient statistical power for examining the proposed mediation effect and supported the use of bootstrap inference. Data were collected through a structured questionnaire comprising measures of employee engagement (EE), customer satisfaction (CS), and financial performance (FP). All constructs were operationalized reflectively. Employee engagement was assessed using six items adapted from Saks (2006), capturing employees' involvement, effort, enthusiasm, and psychological investment in their work. Customer satisfaction was measured using five items adapted primarily from established customer-satisfaction measures, including Wirtz and Lee (2003), reflecting respondents' assessments of customers' overall satisfaction and positive experience with the organization. Financial performance was measured through six perceptual indicators adapted from established organizational-performance literature, including Santos and Brito (2012), covering profitability, revenue growth, returns, and overall financial performance relative to competitors. The resulting measurement model therefore comprised 17 indicators: six for employee engagement, five for customer satisfaction, and six for financial performance. Responses were recorded using a five-point Likert-type scale, with higher values representing stronger agreement or more favourable assessments of the respective constructs. Because existing scales were adapted to the present organizational context, wording was simplified where necessary without changing the underlying conceptual meaning of the original measures. Prior to full-scale administration, the questionnaire was reviewed for clarity, relevance, wording, and sequence. The hypotheses were tested using partial least squares structural equation modelling (PLS-SEM) with ADANCO version 2.4.1. PLS-SEM was selected because the study sought to estimate multiple simultaneous relationships among latent constructs, assess an indirect mediation pathway, and emphasize explanation and prediction of customer satisfaction and financial performance. The analysis followed a two-stage procedure. First, the measurement model was evaluated using indicator loadings, Cronbach's alpha, Dijkstra-Henseler's rho (ρA), Jöreskog's composite reliability (ρc), average variance extracted (AVE), and discriminant-validity criteria including HTMT. Indicator VIF values were additionally examined for multicollinearity. Second, the structural model was assessed using standardized path coefficients, coefficients of determination (R^2), effect sizes (f^2), total and indirect effects, and model-fit measures. Statistical significance was determined through non-parametric bootstrapping with 5,000 resamples, enabling estimation of t-values, p-values, and confidence intervals for both direct and indirect relationships. The mediation of customer satisfaction between employee engagement and financial performance was assessed through the significance and direction of the bootstrapped indirect effect. This analytical procedure provided a comprehensive assessment of the reliability and validity of the measurement model as well as the explanatory relationships proposed within the employee-customer-finance nexus.

Results

The proposed model examining the relationships among employee engagement (EE), customer satisfaction (CS), and financial performance (FP) was assessed using partial least squares structural equation modelling (PLS-SEM) in ADANCO 2.4.1. The final estimation was based on 300

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observations, and statistical significance was assessed using 5,000 bootstrap samples. The iterative estimation algorithm converged after five iterations, indicating stable model estimation. ADANCO was configured for casewise deletion of missing observations.

Preliminary Analysis and Data Screening

The descriptive statistics indicated that all 17 observed indicators were measured on a five-point scale, with responses covering the complete range from 1 to 5. Item means were generally concentrated around the midpoint of the scale. Examination of distributional characteristics did not indicate problematic non-normality. Skewness values ranged approximately from **−0.136 to 0.094**, while kurtosis ranged from approximately **−1.136 to −0.883**. These values suggest relatively symmetrical distributions without severe departures from normality. Although PLS-SEM does not require multivariate normality, the distributional results provide additional confidence in the suitability of the data.

Measurement Model Assessment

Reliability and convergent validity were evaluated using Cronbach's alpha, Dijkstra-Henseler's rho (ρA), Jöreskog's composite reliability (ρc), and average variance extracted (AVE). The results are presented in Table 1.

Table 1. Reliability and Convergent Validity

Construct	**ρA**	**ρc**	**Cronbach's α**	**AVE**
Employee Engagement	0.910	0.903	0.904	0.610
Customer Satisfaction	0.899	0.896	0.896	0.633
Financial Performance	0.910	0.901	0.902	0.606

All reliability coefficients exceeded the recommended value of 0.70, demonstrating satisfactory internal consistency. AVE values ranged from 0.606 to 0.633, exceeding the 0.50 criterion and therefore establishing convergent validity. Indicator loadings ranged from 0.634 to 0.916. Most were above or close to 0.70, while the relatively lower indicators were retained because the construct-level reliability and AVE remained satisfactory. Discriminant validity was also strongly supported. HTMT values were 0.427 for EE-CS, 0.432 for EE-FP, and 0.455 for CS-FP, substantially below conventional thresholds of 0.85 or 0.90. Bootstrap-based HTMT upper values also remained well below problematic levels. In addition, each indicator loaded more strongly on its intended construct than on the other constructs. Thus, the three constructs were empirically distinguishable. Multicollinearity was examined through variance inflation factors. Indicator VIF values ranged approximately from 1.85 to 2.90, indicating that multicollinearity was not a concern.

Model Fit and Structural Model

The overall model exhibited satisfactory fit. The standardized root mean square residual was SRMR = 0.0408, while dULS was 0.2553 and dG was 0.1652. Importantly, these discrepancy measures were below their corresponding bootstrap-based 95% critical values, supporting the adequacy of model fit.

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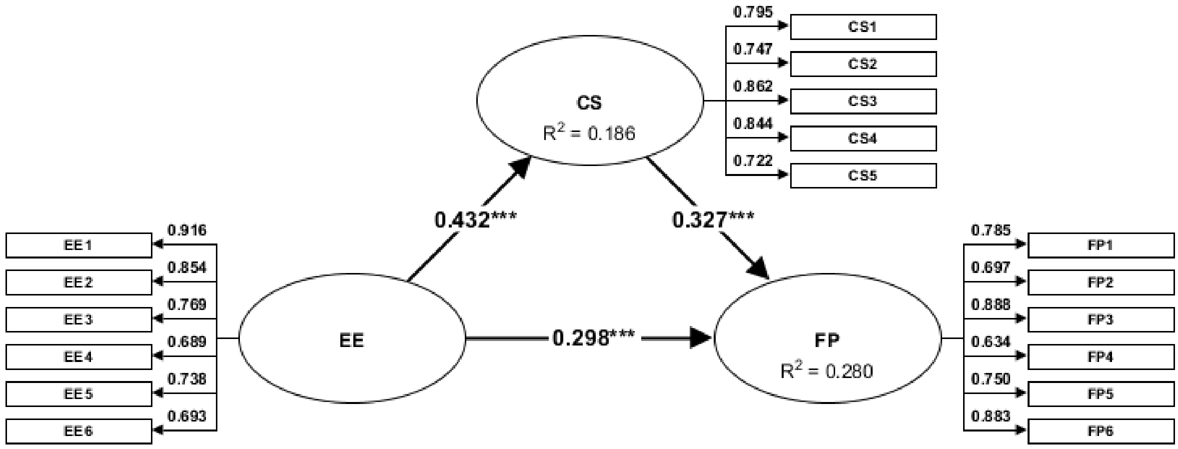

Figure 2. Structural Model

The coefficient of determination showed that employee engagement explained 18.62% of the variance in customer satisfaction (R^2 = 0.1862; adjusted R^2 = 0.1835). Employee engagement and customer satisfaction jointly explained 27.98% of the variance in financial performance (R^2 = 0.2798; adjusted R^2 = 0.2749). These findings indicate meaningful, although moderate, explanatory capability.

Hypothesis Testing

The structural-path results are summarized in Table 2.

Table 2. Structural Relationships and Hypothesis Testing

Hypothesis	Relationship	β	t-value	p-value	95% CI	f²	Decision
H1	EE → CS	0.432	8.107	<0.001	[0.327, 0.535]	0.229	Supported
H2	CS → FP	0.327	5.215	<0.001	[0.201, 0.451]	0.121	Supported
H3	EE → FP	0.298	5.001	<0.001	[0.180, 0.412]	0.100	Supported
H4	EE → CS → FP	0.141	4.410	<0.001	[0.083, 0.208]	—	Supported

Employee engagement had a significant positive effect on customer satisfaction (β = 0.4316), providing support for H1. Customer satisfaction subsequently exerted a significant positive influence on financial performance (β = 0.3272), supporting H2. Employee engagement also directly improved financial performance (β = 0.2977), confirming H3. In effect-size terms, EE → CS produced the strongest effect (f^2 = 0.2289), while EE → FP (f^2 = 0.1001) and CS → FP (f^2 = 0.1210) demonstrated smaller but substantively meaningful effects.

Mediation and Robustness Assessment

The indirect effect of employee engagement on financial performance through customer satisfaction was positive and statistically significant (β = 0.1412, t = 4.410, $p < 0.001$, 95% CI [0.0829, 0.2078]). Because the confidence interval excluded zero, H4 was supported. Moreover, both the direct EE → FP relationship and the indirect relationship remained significant and operated in the same positive direction. This pattern indicates complementary partial mediation. The indirect effect accounted for approximately 32.2% of the total EE → FP effect, while the total effect of employee engagement on financial performance was substantial (β = 0.4389, t = 8.812, $p < 0.001$, 95% CI [0.3384, 0.5343]). Overall, the robustness of the findings is reinforced by the 5,000-sample bootstrap procedure, acceptable model-fit statistics, low VIF values, strong construct reliability, satisfactory convergent and discriminant validity, and confidence intervals that excluded zero for every hypothesized direct and indirect relationship. Collectively, the findings support the proposed employee-customer-finance nexus: stronger employee engagement contributes directly to financial performance while also improving it indirectly by enhancing customer satisfaction.

Discussion

The findings provide empirical support for the proposed employee-customer-finance nexus, demonstrating that employee engagement contributes to financial performance both directly and indirectly through customer satisfaction. All four proposed hypotheses were supported. Employee engagement showed a positive relationship with customer satisfaction, customer satisfaction positively influenced financial performance, and employee engagement also exerted a direct positive effect on financial performance. Most importantly, customer satisfaction significantly mediated the relationship between employee engagement and financial performance. The mediation was complementary and partial because both the direct and indirect effects remained significant and operated in the same positive direction. The total effect of employee engagement on financial performance was stronger than its direct effect alone, demonstrating that part of the financial value generated through employee engagement operates through improved customer outcomes.

Interpretation of Major Findings

The significant positive relationship between employee engagement and customer satisfaction supports the argument that employees represent an important interface between organizational resources and customer experiences. Engaged employees are generally more psychologically involved in their work, willing to invest effort in their roles, and motivated to perform tasks effectively. Such behaviours may translate into greater responsiveness, service quality, problem solving, and attention to customer needs. Consequently, customers interacting with engaged employees are more likely to perceive their experience positively. The relatively stronger effect observed for the employee engagement-customer satisfaction relationship further suggests that engagement is particularly important for explaining customer-related outcomes. This finding is consistent with previous research demonstrating connections between positive employee attitudes, service behaviour, and customer evaluations (Cabrera & Estacio, 2022). Prior studies based on the service-profit chain perspective similarly argue that organizational investments in employees eventually influence customer satisfaction and loyalty through improved service delivery (Damayanti et al., 2024). The current study extends this reasoning by empirically incorporating employee engagement into a sequential employee-customer-finance framework.

The second hypothesis established a significant positive relationship between customer satisfaction and financial performance. This finding can be interpreted through the economic value created by satisfied customers. Customer satisfaction can encourage retention, repeat purchases, positive word-of-mouth, reduced customer acquisition costs, and stronger long-term relationships. Collectively, such outcomes may contribute to sales growth, profitability, and improved organizational financial performance. The result is consistent with marketing and strategic management research suggesting that customer satisfaction is not merely a perceptual marketing indicator but can function as an economically valuable organizational asset (Fornell et al., 2020). Previous studies have generally reported positive associations between customer satisfaction and indicators such as profitability, market value, customer retention, and revenue growth (Mittal et al., 2023). The present findings reinforce these observations by positioning customer satisfaction as a key mechanism connecting internal employee conditions with organizational financial outcomes.

Employee engagement also demonstrated a significant direct effect on financial performance, supporting the third hypothesis. This relationship indicates that the financial benefits of engagement are not limited to customer-facing mechanisms. Engaged employees may contribute directly to organizational performance through higher productivity, reduced absenteeism, stronger commitment, discretionary effort, improved coordination, innovation, and more efficient utilization of organizational resources. From a resource-based perspective, an engaged workforce can be regarded as a valuable organizational resource that is difficult for competitors to reproduce because engagement emerges from interactions among organizational practices, leadership, work climate, employee experiences, and individual attitudes. The finding corresponds with previous research associating employee engagement with productivity, organizational performance, profitability, and other business outcomes (Bano & Khatun, 2025). However, the present model adds an important explanation of **how** this relationship develops rather than examining only the direct employee engagement-performance association.

Mediating Role of Customer Satisfaction

One of the most important findings is the significant indirect relationship between employee engagement and financial performance through customer satisfaction. The mediation results establish that customer satisfaction acts as a transmission mechanism through which employee-related advantages are converted into financial outcomes. Approximately one-third of the overall employee engagement effect on financial performance operated through customer satisfaction, while a substantial direct relationship remained. This complementary partial mediation offers stronger theoretical insight than either a purely direct or fully mediated relationship. It indicates that employee engagement generates financial value through multiple pathways. One pathway operates internally through employee productivity, commitment, and performance, whereas another operates externally through the customer experience. This supports the central argument of the employee-customer-finance nexus: employee-related outcomes and financial outcomes should not be considered independent organizational domains. No hypothesized relationship was unsupported or contradictory. Nevertheless, the moderate explanatory power of the model is noteworthy. Employee engagement explained only part of the variation in customer satisfaction, while employee engagement and customer satisfaction jointly explained a moderate proportion of financial performance. This is theoretically reasonable because customer satisfaction is also influenced by price, product quality, brand image, service systems, technology, convenience, and competitive alternatives. Likewise, financial performance depends on numerous factors, including industry conditions, strategy, operational efficiency, investment decisions, market competition, and macroeconomic circumstances. Thus, the unexplained variance does not weaken the proposed relationships but highlights the broader complexity of organizational performance.

Theoretical Contributions

The study makes several theoretical contributions. First, it integrates employee, customer, and financial perspectives into a single explanatory framework. Much of the existing literature examines employee engagement, customer satisfaction, or financial performance within separate disciplinary streams. Connecting these constructs demonstrates how human-resource outcomes can move beyond the employee level and contribute to market and financial consequences. Second, the study contributes to engagement research by demonstrating both the direct and customer-mediated financial consequences of employee engagement. Employee engagement should therefore be understood not solely as an employee attitude or HR outcome but as a potentially strategic organizational resource. Third, customer satisfaction is theoretically repositioned as a bridging construct between the internal and external environments of the organization. It converts employee-level value into customer-level value and subsequently into financial value. Finally, the findings provide a potential pathway for understanding organizational sustainability. However, organizational sustainability was not directly measured in the present model. Therefore,

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the findings should not be interpreted as demonstrating a direct causal effect on sustainability. Instead, they suggest that mutually reinforcing employee, customer, and financial outcomes may constitute an important foundation for sustained organizational performance.

Practical and Managerial Implications

The findings have important implications for managers. Organizations seeking improved financial results should avoid treating employee engagement initiatives merely as HR-related welfare programmes. Investment in meaningful work, employee recognition, supportive leadership, development opportunities, empowerment, communication, and participation may produce benefits that extend to customer experiences and financial outcomes. Managers should particularly recognize that employee engagement and customer management need to be strategically integrated. HR departments, marketing teams, customer-service functions, and financial managers should not operate entirely in isolated functional silos. Employee engagement metrics can be linked with customer satisfaction indicators and financial performance dashboards to identify whether improvements in workforce attitudes are translating into marketplace outcomes. Organizations should also prioritize employees occupying customer-facing positions because their engagement may have immediate consequences for customer perceptions. At the same time, the significant direct engagement-financial performance relationship suggests that engagement initiatives should not be restricted to frontline employees; employees throughout the organization can contribute to productivity, efficiency, innovation, and financial value.

Limitations and Future Research

Several limitations provide opportunities for future investigation. First, the cross-sectional design limits strong causal inference. Longitudinal studies could examine whether changes in employee engagement are followed by subsequent improvements in customer satisfaction and financial performance. Second, financial performance was assessed perceptually rather than exclusively through objective accounting indicators. Future research could integrate return on assets, profitability, revenue growth, and other archival financial measures. Third, the present model contains only three constructs. Future studies could incorporate customer loyalty, service quality, employee productivity, organizational commitment, innovation capability, organizational resilience, and organizational sustainability to develop a more comprehensive framework. Organizational sustainability should particularly be incorporated as a separate outcome construct if the broader sustainability proposition is to be tested empirically. Future studies could also examine moderating variables such as leadership style, organizational culture, digitalization, industry type, competitive intensity, or employee-customer contact intensity. Multi-group analyses across sectors, organizational sizes, employee categories, and demographic groups could establish the boundary conditions of the proposed relationships. Finally, multi-source and longitudinal data involving employees, customers, and organizational financial records would further strengthen the employee-customer-finance nexus and provide a more rigorous explanation of how employee engagement can contribute to enduring organizational performance.

Conclusion

This study addressed the need to understand how employee-related factors translate into customer outcomes and, ultimately, organizational financial performance. Specifically, it examined the interconnected relationships among employee engagement, customer satisfaction, and financial performance within an employee-customer-finance nexus. The findings provide clear support for the proposed framework and demonstrate that employee engagement is not merely an internal human-resource outcome but a strategic organizational factor with broader market and financial consequences. The study shows that higher employee engagement contributes to greater customer satisfaction and also improves financial performance directly. Customer satisfaction, in turn, enhances financial performance and serves as an important mediating mechanism linking employee engagement with financial outcomes. These findings confirm that the value generated by engaged employees can reach the organization through both internal performance mechanisms and improved customer experiences. Theoretically, the study contributes by integrating employee, customer, and financial perspectives within a unified framework and by positioning customer satisfaction as a key bridge between internal organizational conditions and financial outcomes. Practically, the findings suggest that managers should view employee engagement initiatives as strategic investments rather than isolated HR activities. Greater coordination among human resource, marketing, customer-service, and financial functions can help organizations translate employee engagement into stronger customer relationships and improved business performance. Although organizational sustainability was not directly measured, the findings indicate that sustained alignment among engaged employees, satisfied customers, and sound financial performance can provide an important foundation for long-term organizational success. Overall, the study highlights the strategic significance of managing the employee-customer-finance nexus as an integrated pathway toward enduring organizational performance and sustainability.

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