

Correlates of Work Culture and Employee Satisfaction as a Precursor for Client Satisfaction in Banks

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Abstract

One of the core areas of the financial sector and economic studies is the banking industry which has been receiving attention for a long time. Many researchers and academicians have tried to study the banking sector a lot by conducting research and have explored many conundrums. The banking industry in India has seen phenomenal transformations in the last few decades and the present paper tries to study the same. The paper tries to make an attempt to study and understand the strategies and tactics adopted by banks to retain their existing customers and attract the new one. Further, to inquire about the satisfaction level of employees and customers associated with the banks. The primary objective of this paper is to study the impact of work culture on the employees and the satisfaction level of banking services for customers. The paper has a descriptive approach in nature and has been generated through the data and facts collected from secondary sources. The study further can be continued for quantifying the impact by studying the perception of customers and employees towards the associated bank and can be explored to provide alternatives to the banks for better performance.

Keywords: Customer Satisfaction, Work Culture, Banking Employee, Employee Satisfaction.

1. Introduction

It is socially accepted that the banking industry and financial institutions are major contributors to the economic growth of any country. Money depositary services are not the primary work of banks anymore rather banks have expanded their area of working and have untapped the potential of financial services by reaching to the unreached sector of rural areas. Banks are now dealing with cash, loan, insurance, share, trading, business financing, rural banking, corporate banking, currency exchange, mobile & internet banking and pension services. These institutions are working as a centralized mechanism of providing and promoting financial products and services to a large number of people. However, the Indian banking industry has gone through phenomenal transformations from the British Raj when making a profit was the primary goal of a financial institution to the post-independence when the nationalization of banks took place. This attracted the attention of researchers for the

financial sector for economic studies and they have identified the banking sector of the finance area to study and explore a lot. Most of the studies have focused on the conundrums of the banking sector and have come up with many results but very few studies have focused over the sustainability of banking business and banking customers for representing these institutions as a healthy financial institution. The journey from being profit-oriented institutions to an institution of serving the poorest among the poor has been phenomenal and these changes have brought alterations in the working methodology of banks too. One of the best action taken after independence for the banking industry was the nationalization which led to the growth and spread of banking services in the entire country. The implementation of nationalization not only reached the unreached but also created a large number of employment opportunities. Profit making became a secondary objective over the social service. But it started costing the banks internal cost because of the increasing competition.

On the recommendation of the Narasimham Committee, the economic reforms took place in the country and the economy was open for global investment in the 1990s. This not only increased the number of banks but also resulted in cut-throat competition and undue pressure on banking management for generating more profit for competing the opponents and surviving with the existing customers. One of the key challenges for the banking industry is to attract more customers and retain the existing one. According to a study conducted by Reichheld and Sasser (1990) revealed that an increase of five per cent in the customer base results in an increase of thirty-five per cent of the profit. This brings a challenge for the banks to retain the customers, especially in an environment where all the banking institutions are providing the same services. Retaining the existing customer and connecting with the new one is a challenging job which requires polite nature, paying attention, continuous lookup of existing customers and search for the new customer. The continuous opening of new branches has resulted in an increase in working manpower in the banking industry, but the industry is still facing a shortage of human resource. This leads to the mental pressure of employees and affects the working style of banking employees and this is what the present paper talks about.

2. Objectives of The Study

- 2.1** To study the impact of work culture on customers and employees of banks.
- 2.2** To discuss the alternatives for handling the work pressure of banking employees.

3. Methodology & Material

The present research is qualitative research which uses a descriptive approach. The conceptual research method has also been adopted to get a detailed literature review and a deeper understanding of the subject. The foundation of theories and concepts of banking industry functioning and customer satisfaction has been reviewed from secondary data which have been sourced from different kinds of literature such as economists, various national and global agencies, journals, articles, books, websites, e-books, social media and other reports. Further, the researcher has gone through different websites to understand the concept and past efforts that have been done in the concerned field and also to assess the various theories, philosophies, and principles available to the related subject and literature made available by past researchers.

4. Review of Literature

Over the last ten years, or so, not only the banking industry but the financial institutions too have made remarkable progress in terms of profitability, return on loans and spreading banking coverage. But these parameters have not helped banks up to the desired level. Banks are going through the conundrums of the rise in interest rate, modified loan accounts, dynamic rates of deposits, rigid policies, government deficit and the applicability of Basel III. One of the challenging tasks that have emerged in the banking industry is the pressure of connecting with new potential customers as well as retention of existing customers. However, the retention of existing customers is more important because it is directly linked to the profitability of banks and does affect the performance.

It is a human nature that we as an individual grow up learning the things that we see around us and the experience we gain with the people we live. Similar phenomena apply to organizations where employees and customers learn through the working environment present in the organization. At the same time, it is also necessary to understand that all the employees working in a bank or any other organization, comes from different social-cultural background. They have different norms and cultural beliefs and when it comes to working as a team, there are chances of cross-cultural clashes and difference in opinion. Thus, it is important to develop a common culture in banks which is suitable and acceptable for all employees.

An international council of G.B.P. and Kearney A.T. (2011) has considered India as the second most attractive market for the retailers. This indicates that the retail banking industry is going to experience a boom in this sector.



Figure 1: Elements of Satisfaction

4.1 Working Environment and Culture

The above-mentioned figure is an indication of three primary elements, i.e. Working Environment and Culture, Employees Satisfaction and Customer Satisfaction which is considered as the base of customer satisfaction. These elements are interrelated with each other and reflect their interrelationship. A positive working environment and the presence of good culture are the elements that provide a suitable condition of working and leads to the satisfaction of employees. It is significant in running any organization smoothly, especially institutions like banks where the amount of client visiting frequency is very high. A high visiting frequency and handling of each customer leads to mental pressure. But if the working environment is positive and working culture is synchronized, it will make the work process hazard free and will provide ultimate satisfaction in bank employees. Harrison R. and Stokes H. (1992) have considered the culture similar to the personality of an individual. They believe that culture plays a role similar to what the personality plays in an individual's life and culture is the personality of an organization.

4.2 Employee Satisfaction

Employee satisfaction is the health of an organization. Delivering good and satisfactory services heavily depend on skilled human resource and their working capacity. Satisfied employees work with more enthusiasm and allow them to deliver better goods and services which results in a higher output compared to a stressful employee. For the success of an organization, the satisfaction does work as an important element and satisfaction of employees directly affects the quality and process of services. This satisfaction further provides a satisfactory service to a client. Now we need to understand that all these elements are correlated and this is how it works.

4.3 Customer Satisfaction

When it comes to the survival of an organization, the primary factor considered as a key is customer satisfaction that holds the goodwill of an organization in the market. It is also necessary to understand that customer satisfaction is different than customer service. Many organizations operate their business in an illusion and believe that providing good customer service leads to customer satisfaction. But the contextual reality is that satisfaction is as important as the delivery of good service. One of the key challenges in the service sector is that its characteristic of being intangible. Services are intangible and cannot be touched or seen and this is the reason for organizations for not being able to communicate their offers and services to their respective clients.

Prabhakaran S. and Satya S. (2003) have considered the customer as a king of the market and the lifeblood of any organization including both the private and public sector. They further believed that customer satisfaction is the key to the survival of the organization. Whereas Nicholls, J.A.F., Gilbert, G.R. and Roslow, S (1998) believes that satisfaction is relatively more important for service organizations rather than trading organization. Many academicians and researchers have made several attempts to identify and define the satisfaction level of customers through different studies. Out of those several studies, one is conducted at the Center for the Study of Social Policy in 2007 which claimed that satisfaction is highly based on customer’s personal experience and contact with the organization. They further believed that personal outcomes and assessments are the influence of one’s own expectations.

Table 1: Kayis B, Kim H, Shin TH. & Ticehurst, Bill, and Cal W. Downs Models of Employee Satisfaction

Kayis B, Kim H, Shin TH. Dimensions of Employee Satisfaction	Ticehurst, Bill and Cal W. Downs (2009) Dimensions of Employee Satisfaction
Pay Levels	Work Appeal
Social Cohesiveness	Leadership and Direction
Training & Development	Teamwork
Teamwork and Cooperation	Work Demands
Job Satisfaction	Financial Rewards
Job Security	Physical Surroundings
Career Growth Opportunities	Career Growth
Decision Making	
External Customers	Career Security
Autonomy	
Satisfaction with Organization	Organizational Commitment

The above-mentioned table is a comparative analysis of the two different studies done by two different groups of researchers. Kayis B, Kim H and Shin TH. Have identified eleven dimensions of employee satisfaction. On the other hand Ticehurst, Bill and Cal W. Downs have identified nine dimensions of employee satisfaction which are somehow similar to those of Kayis B, Kim H and Shin TH. However, it is not to say that the satisfaction of an employee is limited to these dimensions only. There can be many other internal and external factors however this study emphasizes on stimuli that directly affect the working process of an employee.

5. Conclusion

The foundation of the banking business was laid on the objective of serving people of society. The business of banking is mainly customer oriented business and better service delivery is the first step of the banks' growth and survival in long existence. Customer satisfaction leads to customer loyalty and enhanced goodwill. A satisfied customer will promote banking services through word of mouth and will result in a brand ambassador for the bank. The challenges can be handled by the banking management committee in correlation with the employees by taking initiative to create a customer friendly environment, listen to their queries, help them to solve their problem and allow them to leave the premises with a satisfaction. It is also important here to understand that employee satisfaction is equally important in comparison to customer satisfaction because only a satisfied employee can satisfy a customer. A team of satisfied employees is an asset for any organization which will be more motivated, productive and loyal all of which are essential for the success. Paying the employees in terms of monetary benefits is one of obviously way of building confidence and generating satisfaction and loyalty but it may not possible for every organization to pay in financial form every time and therefore there are other alternative of employee satisfaction and motivation that won't damage the organization's bottom line. Though, the role of monetary benefit looms large in the minds of employees because money is important in every form. Some of the most practiced alternatives are employee and work recognition, professional development & opportunities, flexible working hours, wellness programs, paid sick leave, employee assistant programs and retirement saving plans. The applicability of this strategy is possible only if there is a balance between the variables of customer satisfaction, work culture and employee satisfaction are taken seriously. The prelude of customer satisfaction cannot be ignored in the banking industry, especially in a time when the Indian markets are being open for global businesses. Undoubtedly the Indian banking industry needs to improve the level of customer satisfaction and find other ways of retaining existing customers in the upcoming years. Employee satisfaction only help in employees but will also help in retaining employees of the organisation because the way A man is known by a company similarly a company is known by its mens.

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