Client Satisfaction and its Impact on Work Culture on Employee Satisfaction in Banks at Kancheepuram City

M. Suresh¹, Dr. G. Alex Rajesh²
¹Ph.D, Research Scholar in Management, Himalayan University, Itanagar, INDIA
²Professor in MBA, Nehru College of Management, Coimbatore, INDIA

ABSTRACT

Work culture of a bank can make the bank sail smoothly in this changing scenario by making employees satisfied which will in turn result into client satisfaction. There are many factors responsible for a good and strong work culture, client satisfaction and employee satisfaction. In this study, an attempt has been made to gauge the satisfaction level of clients and employees and also to see the impact of work culture on the level of employee satisfaction and study the relationship of employee satisfaction and client satisfaction. The research has been carried out in a systematic and methodical manner.

Keywords--- Work culture in Banking, Employee Satisfaction, Client Satisfaction

I. INTRODUCTION

The banking industry in India has undergone fundamental changes post independence. The opening up of the economy in the 1990s and the government’s decision to privatize banks by reduction in state ownership culminated in the banking reforms based on the recommendations of the different Committees constituted by RBI. The study of the nexus of the three variables namely client satisfaction, work culture and employee will be an addition in the body of existing knowledge and significant for the banking industry which is striving to increase its profit in order to survive in this competitive scenario. Besides that, several notions about banking in general and the relative performance of public sector banks vis-à-vis their private counterparts are part of popular discourse. This study empirically tests some of these notions and lends credence to the right ones.

Work culture is also an incredibly powerful force that determines how the employees treat problems, opportunities and all the people that the organization comes in contact with: vendors, subcontractors, and, most importantly, clients. Work culture is like the mood of the bank - it can be upbeat or depressing, respectful or belligerent, empowering or stifling – with many shades in between. One can design processes to make clients happy, but if those processes are out of sync with the work culture one will miss the desired result every time.

The significance of the research lies in the explosion in the size and significance of the banking industry in the last two decades. Apparently, it seems that the banking industry is growing well and will be sailing smoothly in the years to come. Yet there are growing challenges before it and it will not only have to introspect but to formulate the policies which could help it in growing consistently. Both public sector banks and private sector banks are facing different challenges. The work culture in an organization scripts the formula of success by involving the employees and creates a bonding between employees and organization and thus delivers quality service to its clients by understanding their changing needs and provides greater customer satisfaction. The study of the nexus of the three variables namely client satisfaction, work culture and employee satisfaction will be an addition in the body of existing knowledge and significant for the banking industry which is striving to increase its profit in order to survive in this competitive scenario. Besides that, several notions about banking in general and the relative performance of public sector banks vis-à-vis their private counterparts are part of popular discourse. This study empirically tests some of these notions and lends credence to the right ones.

II. SIGNIFICANCE OF THE STUDY

This research is important given the explosion in the size and significance of the banking industry in the last
two decades in India. It appears that banking industry is growing well and will be sailing smoothly in the years to come. Yet there are growing challenges. The work culture in an organization is crucial as it scripts the formula of its success by creating a bond between employees and organization and thus resulting in quality services to the customers.

III. RESEARCH METHODOLOGY

A systematic and organized methodology was used for the research study. First and foremost, based on an in-depth discussion and exhaustive literature review, the objectives of the study were chalked out. This was followed by in-depth interviews and discussions with clients, employees and bank officials to gauge the client and employee satisfaction variables and work culture variables that affect employee satisfaction in banks. The research had five objectives and thus, a systematic and organized methodology was used for the same. Two survey instruments were specifically designed to obtain the required information.

Along with survey, focus group discussions with clients and bank officials were also conducted to gauge the real life situations in the banking industry. The sample for this study comprised of customers and employees dealing with the customers. A sample size of 524 customers and 548 employees was taken for the study using random numbers from the internet service. The questionnaires were intricately designed to tap the demographic variables including Age, Income, Educational qualifications, Marital status of the client respondents. The same demographic profile plus Experience of the employee respondents were also captured. It also gathered details about the bank type, region and type of account held by the customers. The instruments contained questions relating to the client satisfaction, work culture and employee satisfaction.

IV. NEED OF THE STUDY

The past three decades have witnessed a number of studies and research initiatives in the area of work culture, client and employee satisfaction. However, these three variables have not been studied together in the banking industry, particularly in kancheepuram city. The present study is an attempt towards bridging this gap by investigating the organizational ethos of banks in kancheepuram city, gauging the impact of work culture on the satisfaction level of employees in the banks and studying the relationship between employee satisfaction and client satisfaction.

V. OBJECTIVES OF THE STUDY

The objectives of the research were the following:

1. To study the satisfaction level of clients of the banks
2. To study the impact of work culture on employee satisfaction in the banks
3. To study the relationship between employee satisfaction and client satisfaction in banks

VI. LITERATURE REVIEW

Rajendran reported significant correlation between work culture and employee satisfaction in a public sector industry. Sharma examined the effects of work culture on employee satisfaction, sense of participation, role stress and alienation in private sector and public sector and found that the private sector and the public sector varied significantly on the dominant culture variables and there was significant correlation between the work culture variable and role stress variables. Srivastava studied a group of executives and supervisors and reported that overall work culture is positively related with employee involvement and higher order needs. Ali and Akhtar explored the effect of work culture on employee satisfaction and reported that those who scored high on work culture also differed significantly on satisfaction scale. Pratap studied employee satisfaction and work culture among executives and supervisors, and reported a significant positive relationship between the overall work culture and employee satisfaction.

A second particularity of services is that, frequently, the service consumer cannot be separated from the service provider. Lastly, services are different each time they are performed. According to Redman and Mathews, “This is mainly because each party to the service encounter – the service provider and the customer – is liable to introduce variation to the service either by providing a service that deviates from the norm, or by failing to articulate needs.” As a result, Siehl and Bowen also commented that the “service organization is in need of mechanisms by which it can reduce this input of uncertainty and acquire the information necessary for effective service production and delivery” which ultimately will lead to customer satisfaction.

VII. DISCUSSIONS ON CORRELATES AND DETERMINANTS OF EMPLOYEE SATISFACTION

Relationship of Work Culture Dimensions With Employee Satisfaction Dimensions And Background Variables

The below table linked with correlations between work culture dimensions and the dimensions of employee satisfaction. The correlation coefficient is presented in Table - 1. Table is followed by the explanation of all correlation coefficient of all the dimensions of employee satisfaction.
<table>
<thead>
<tr>
<th>Work Culture Dimensions</th>
<th>Employee Satisfaction Dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependent Variables →</td>
<td>Participative environment</td>
</tr>
<tr>
<td>Independent Variables ↓</td>
<td>Hygiene Factors</td>
</tr>
<tr>
<td>Disciplined &amp; enterprising culture</td>
<td>.3884**</td>
</tr>
<tr>
<td>Affinity with the Organization</td>
<td>.2444**</td>
</tr>
<tr>
<td>Performance Norms</td>
<td>.1367**</td>
</tr>
<tr>
<td>Relationship with seniors</td>
<td>.1915**</td>
</tr>
<tr>
<td>Meritorious culture</td>
<td>.3157**</td>
</tr>
<tr>
<td>Empathy</td>
<td>.2171**</td>
</tr>
<tr>
<td>Risk taking</td>
<td>.1086**</td>
</tr>
<tr>
<td>Innovative &amp; participative culture</td>
<td>.2509**</td>
</tr>
<tr>
<td>Empowerment</td>
<td>.1733**</td>
</tr>
<tr>
<td>Gender</td>
<td>-.1070**</td>
</tr>
<tr>
<td>Age</td>
<td>-.2511**</td>
</tr>
<tr>
<td>Marital</td>
<td>-.1935**</td>
</tr>
<tr>
<td>Qualification</td>
<td>.0223NS</td>
</tr>
<tr>
<td>Income</td>
<td>-.2368**</td>
</tr>
</tbody>
</table>

*significant at .05 level  **significant at .01 level  NS= not significant
Participative environment

As is clear from Table - 1, all the independent variables except qualification have a significant correlation (p<0.01) with Participative environment. All the variables excluding background variables positively correlate with Participative environment. There is a positive significant correlation between Disciplined and enterprising culture and Participative environment (r = .3884, <.01). The employees of the banks where the management takes initiative in adopting new technology and gives opportunity for taking initiative in a disciplined environment also find a Participative environment in the banks.

Similarly, Affinity with the organization has a significant positive relationship with Participative environment (r = .2444, <.01). When the employees feel proud of their organization, they feel a bonding with it and participate more in various issues, they derive satisfaction out of it. Also Performance norms have a positive relationship with Participative environment(r = .1367, <.01). High Performance norms do obviously invite participation on the part of the employees and clients in the banks. Good Relationship with seniors has also shown a significant positive Relationship with seniors(r = .1915, <.01). Good Relationship with seniors in an organization creates a Participative environment in the bank.

A Meritorious culture also shows a positive correlation with Participative environment (r = .3157, <.01). A Meritorious culture prompts the employees to participate in the progressive approach of the bank. A Meritorious culture provides employees with the right incentives to serve the clients in the best possible manner. This makes the entire organization more receptive to the requirements of its employees and customer base. There is a positive significant correlation between Empathetic culture and Participative environment (r = .2171, <.01). More empathizing seniors are likely to lead to an environment which employees consider to be more participative. There is a positive significant relationship between Risk taking culture and participative environment (r = .1086, <.01). Similarly, there is positive correlation of Innovative and participative culture (r = .2509, <.01) and Empowerment (r = .1733, <.01) with Participative environment.

Participative environment shows a significant negative correlation with four background variables namely Gender(r = -.1079, <.01), Age(r = -.2511, <.01), Marital Status(r = -.1935, <.01), and Income (r = -.2368, <.01). It might indicate that female employees, young and unmarried employees and lowest income group employees are more satisfied than their counterparts. Bilgic, [294], Hulin [295], Smith [295] and Oshagbemi [296]in their studies have pointed out that there is a correlation between gender and job satisfaction.

Hygiene Factors

As is clear from Table - 1, all the independent variables except gender and qualification have a significant correlation (p<0.01) with Hygiene Factors. This means that Hygiene factors greatly vary as the dimensions of work culture and background variables change. It is seen that Disciplined and enterprising culture has a positive correlation with Hygiene factors (r = .4120, <.01). The employees of the banks where the management takes initiative in adopting new technology and gives opportunity for taking initiative in a disciplined environment find Hygiene factors quite satisfying. There is a positive significant relationship between Affinity with the organization and Hygiene factors(r = .2875, <.01). When the employees feel proud of their organization, they feel a bonding with it and show their satisfaction with Hygiene factors. Performance norms show a positive correlation with Hygiene factors(r = .2415, <.01). A work culture believing in good standard of performance also enhances Hygiene factors of the banks in a positive way. There is a positive significant relationship between Meritorious culture and Hygiene factors (r = .3103, <.01). A Meritorious culture makes everyone in the organization accountable for the physical upkeep of equipment and facilities in the bank. There is less apathy towards personal appearance as well.

There is a positive significant relationship(r = .2366, <.01) between Risk taking and Hygiene factors. There is a positive significant relationship between Innovative and participative culture and Hygiene factors (r = .2727, <.01). A more Innovative and Participative culture fosters cooperation. This aids the upkeep of the physical facilities and equipment of the bank which leads to employee satisfaction. There is a negative significant relationship of Age (r = -.1730, <.01), Marital status (r = -.1398, <.01) and Income (r = -.1398, <.01) with Hygiene factors.

Fair and empathetic management

There is a positive significant relationship between Disciplined and enterprising culture and Fair and empathetic management(r = .3318, <.01). An organization with a more disciplined and enterprising culture is more likely to have a Fair and empathetic management, since discipline itself inculcates a culture of fairness. The employees of the banks enjoying good bonding at the work place also find Fair and empathetic management in the banks. There is a positive significant relationship (r = .1493, <.01) between Affinity with the organization and Fair and empathetic management.

There is a positive significant relationship (r = .3097, <.01) between Performance norms and Fair and empathetic management. Performance Norms also make the organization a level playing field, where performance counts for more than experience. This makes the management less autocratic and fairer. There is a significant positive correlation between Relationship with seniors and Fair and empathetic management(r = .1727,
Empowerment in the banks, the higher is their satisfaction to fairness in the banks. Similarly, the higher the culture of Innovative and Participative culture ($r = .1864, <.01$) lead to fairness in the banks. Similarly, the higher the culture of Empowerment in the banks, the higher is their satisfaction with Fair and Empathetic Management ($r = .2114, <.01$). Greater delegation of responsibilities and better support from the seniors of the organization make the employees think of them as fair and empathetic, which in turn results into their satisfaction in the banks. Research by Adams [297] and others confirm equity theory as one of the most useful frameworks for understanding work motivation, job satisfaction, and pay fairness. Sirota et al. [283], in a major study of motivation and job satisfaction, involving 135,000 respondents from various countries and groupings, found that organizations employing motivation schemes that include three major constructs, i.e., equity, camaraderie, and achievement, simultaneously, tend to be far more effective than those organizations that do not have such schemes. Training practices used by organizations may have an effect, direct or indirect on both employee motivation and organizational commitment [284]. There is a negative significant relationship of age ($r = -.2143, <.01$), marital status ($r = -.1503, <.01$) and income ($r = -.1451, <.01$) with Fair and Empathetic management.

**Smooth operations**

There is a positive significant relationship between Smooth operations and Disciplined and enterprising culture ($r = .4055 <.01$). A Disciplined and enterprising culture is more likely to yield better performance than a chaotic and insipid environment. Both junior and senior employees do justice to their tasks and feel free to usher in best practices and smooth functioning in the bank resulting in employee satisfaction. There is a significant positive relationship between Affinity with the organization and Smooth operations ($r = .2887 <.01$). The more affinity an employee feels towards the organization, greater will be his effort in ensuring that the bank’s functioning is smooth. He/She measures his/her success in terms of the bank’s success and smooth functioning and derives satisfaction out of it. Performance oriented work culture amongst employees is likely to translate into Smooth operations of the bank as these two dimensions are positively and significantly correlated with each other ($r = .2704 <.01$). Performance standards for employees have great impact on the performance of the firm itself and so affects Relationship with seniors as there is a significant correlation between Relationship with seniors and Smooth operations ($r = .1866 <.01$).

As seen in Table - 1, there is a significant positive correlation between Meritorious culture and Smooth operations ($r = .2618 <.01$). A Meritorious culture creates an incentive system within the organization which aligns employees’ interest with that of the organization. This boosts the organization’s performance and smooth functioning and cause satisfaction among the employees. Empathy ($r = .1813 <.01$), Risk taking ($r = .1813 <.01$), Innovative and Participative culture ($r = .2087 <.01$) and a work culture imbuing Empowerment ($r = .1806 <.01$) also promote Smooth operations in a positive way. There is a negative significant relationship of Gender ($r = -.1302 <.01$), Age ($r = -.2393 <.01$), Marital Status ($r = -.1785 <.01$) and Income ($r = -.1730 <.01$), with Smooth operations as far as employee satisfaction is concerned. As the age of the employees increases from low to high, satisfaction with Smooth operations decreases. It might be because of the fact that ageing work force in the banks might have certain expectations, quite close to perfection, which are never met. Similarly married employees, male employees and highest income group have similar expectations and do not derive satisfaction as far as Smooth operations are concerned.

**Considerate environment**

All the independent variables excluding the demographic variables have positive significant correlation with Considerate environment. Two out of five background variables namely age and marital status negatively correlate with Considerate environment. There is no significant relationship of gender, qualification and income with Considerate environment. There is a positive significant relationship ($r = .1959 <.01$) between Disciplined and enterprising culture and Considerate environment as shown in Table 5.48. A Disciplined and enterprising culture is an essential pre-requisite to foster Considerate environment. Only when employees are disciplined, can they be expected to put others’ interest at par with their own. Affinity with the organization ($r = .0956 <.05$), Performance norms ($r = .2637 <.01$), Relationship with seniors ($r = .1384 <.01$), Meritorious culture ($r = .0806 <.05$), Empathy ($r = .1282 <.01$), Risk taking ($r = .1221 <.01$), Innovative and Participative culture ($r = .0870 <.05$) and Empowerment ($r = .1419 <.01$) have positive significant relationship with Considerate environment. A performance facilitating work environment is also a more Considerate environment, since it motivates employees to look beyond petty self-interest and collectively work towards the benefit of the organization. Good Relationship with seniors, Empathetic culture, Risk taking approach and Empowerment in the banks lead to satisfaction as far as Considerate environment is concerned. There is a negative significant relationship of Age ($r = -.0912 <.05$) and Marital Status ($r = -.0437 <.01$) with Considerate environment.
Efficient environment

There is a positive significant relationship (r = 0.2805 < 0.01) as shown in Table – 1, between Disciplined and enterprising culture and Efficient environment. A disciplined environment is an Efficient environment. A disciplined workforce is bound to be more organized and efficient than an undisciplined one. Similarly, there is a significant positive relationship between Affinity with the organization and Efficient environment (r = 0.2048 < 0.01). Greater Affinity with the organization aligns an employee’s interests with that of the firm. This is likely to encourage efficient behavior on part of the employees resulting into Efficient environment. Performance Norms is also positively and significantly correlated with Efficient environment(r = 0.2248 < 0.01). The more performance oriented work culture is, more efficient are the organizational outcomes likely to be. Since efficiency is rewarded, everyone strives to be more organized and efficient. Similarly, Good relationship with seniors (r = 0.1439 < 0.01), Meritorious culture (r = 0.1410 < 0.01), Empathetic culture (r = 0.1178 < 0.01), Risk taking culture (r = 0.2049 < 0.01), Innovative and participative culture (r = 0.0948 < 0.05) and Empowerment (r = 0.1570 < 0.01) lead to Efficient environment in the banks. There is negative significant relationship of age (r = -0.0810 < 0.05) and marital status (r = -0.0683 < 0.01) with Efficient environment.

Accessibility

Only four independent variables have positive significant correlation with Accessibility. Two variables namely Disciplined and enterprising culture and Performance norms have positive correlation significant at 0.01 level and Meritorious culture and Empowerment have the same at 0.05 level. There is no significant relationship between the other variables. There is a positive significant relationship between Disciplined and enterprising culture and Accessibility (r = -0.1440 < 0.01). Stronger Performance norms of an organization inevitably spill over to access facilities. Better performing banks and Meritorious culture oriented banks are almost always the ones which are most accessible. Similarly there is a positive significant correlation between Meritorious culture and Accessibility (r = 0.0854 < 0.05) and Empowerment and Accessibility (r = 0.0890 < 0.05).

Feel good factor

Eight variables have been shown in the table as having positive significant relationship with Feel Good Factor. Five out of these eight variables are significant at 0.01 level and the other three are significant at 0.05 level. Disciplined and enterprising culture are positively correlated (r = 0.1317 < 0.01). Similarly there is a significant positive correlation between Affinity with the organization and Feel good factor(r = 0.1139 < 0.01). Bonding and identification with the banks make employees feel good in the banks they are working in. Similarly a positive significant correlation is seen in Table 5.48 between Performance norms and Feel good factor (r = 2232 < 0.01). High performance norms of a bank inspire confidence in the bank’s future. This is precisely why more robust Performance norms positively affect Feel good factor about the bank. Relationship with seniors and Feel good factor are also positively correlated with each other(r = 0.0988 < 0.05) and this seems to be natural as good relationship with the seniors at work place lead to Feel good factor in the organization. Similarly, there is a positive significant correlation of Meritorious culture and Feel good factor (r = 0.1407 < 0.01). A Meritorious culture at the work place fosters a good environment resulting in feeling good about the work place. A work culture of Risk taking (r = 0.0904 < 0.05) and Empowerment (r = 0.1518 < 0.01) which emphasizes Performance norms and de-emphasizes position is likely to perform better than a bank with an autocratic culture. This leads the employees to feel good about their prospects in the bank. There is a positive significant relationship between Income and Feel good factor (r = 0.0840 < 0.05). Higher the Income more is the satisfaction as far as Feel good factor is concerned.

Trust

Table – 1, shows eight variables having positive significant relationship with Trust. More discipline (r = 0.1473 < 0.01) and bonding (r = 0.2103 < 0.01) in the banks enhance Trust in the banks. Similarly good Performance norms(r = 0.1098 < 0.01), good Relationship with seniors(r = 0.1310 < 0.01), Meritorious culture (r = 0.1565 < 0.01), Innovative and participative culture (r = 0.0261 < 0.05) and a culture of Empowerment (r = 0.0904 < 0.05) enhance Trust in the banks.

VIII. CONCLUSION

During the course of study, it is found that the clients of private sector banks are more satisfied than the clients of public sector banks in most of the dimensions except Interest rates and other Charges and Accessibility whereas the clients of public sector banks are more satisfied than the clients of private sector banks in these two dimensions. Both types of banks are expected to address these shortcomings in the given set up of their respective banks. The private sector banks have to explore the possibilities and measures which could help them in making the Interest rates and other charges comfortable to the clients and have to take care of the problem of Accessibility. They have to work hard on the elite image of the bank and make them a mass bank instead of class bank. Similarly, the public sector banks have to change the general image of being more of a govt. office, rather to convert them into a customer friendly environment in the branches. Similarly, the work culture of private sector banks has been manifested better than the work culture of public sector banks. The reason might be ageing work force in the public sector banks.
REFERENCES


