

The Loyalty of Banks' Employees in the Context of the Acceptance of Clients' Needs and Their Own Productivity. A Case Study from the Czech and Slovak Republic

J. Belás, E. Cipovová, M. Holec

Abstract—The aim of this article was to analyze the relationship between the loyalty of banks' employees and the acceptance of clients' needs and to analyze the relationship between the loyalty of banks' employees and the lack of their productivity in the Czech and Slovak banking sector. Our research has been realized through a questionnaire survey.

The loyalty of banks' employees was higher in the Czech Republic than in Slovak Republic which has been transformed into a higher acceptance rate of customers' needs and lower lack of employees' productivity. Within both countries, it has been found that the approach of loyal employees to the acceptance of clients' needs is **not** statistically significantly different from the approach of other employees. It has been also discovered that loyal employees did not work more intensively and did not feel statistically significant lower lack of their own productivity.

Keywords—Acceptance of clients' needs, loyalty of banks' employees, productivity of employees.

I. INTRODUCTION

EMPLOYEES represent the most important part of a customer care in a commercial bank. The quality of banking personnel significantly determines the quality and efficiency of the sales process and thereby also the financial performance of the bank.

Generally there is prevailing the opinion that satisfied employee is more productive for the company than a dissatisfied one. It is assumed that the employees' satisfaction is usually transformed into his loyalty.

The aim of this article was to analyze the relationship between the loyalty and the productivity of banks' employees in the Czech and Slovak banking sector. It has been also examined the relationship between the loyalty and the acceptance of clients' needs in the sales process.

In the article, the theoretical aspects of the formation of banks' employees' satisfaction have been processed and the level of banks' employees' satisfaction in the Czech and

Slovak Republic has been quantified. Then the approach to the acceptance of clients' needs between the overall research sample and the sample of satisfied and dissatisfied employees has been compared and the lack of employees' productivity between satisfied and dissatisfied employees has been compared also.

II. FUNDAMENTAL ATTRIBUTES OF SATISFACTION OF BANKS' EMPLOYEES AND THE MEASUREMENT OF THEIR PRODUCTIVITY

Satisfaction of employees is formed by many factors and significantly determines employees' loyalty which means that a higher quality of services creates higher customers' satisfaction.

Saari a Judge suggest that satisfaction with the nature of performed job (such as: job challenge, autonomy, diversity and work area) represent the most important factor of formation of employees' job's satisfaction. Employees' satisfaction is closely related to customers' satisfaction through high quality of services [12].

Bhutto, Laghari and Butt defined three factors: organizational structure, identity and interpersonal relationships that have a positive and significant effect on the job satisfaction [3].

Babakus, Yavas, Karatepe and Avci indicate that the area of job satisfaction in an important factor that has a significantly effect on the ability of employees to provide quality services to their customers [1]. Similar conclusions are also contained in other foreign studies such as Matzler and Renzl [10], Melton and Hartline [11], Saura, Contrí, Taulet and Velasquez [13], Labach [7].

According to Yee, Yeung and Cheng, loyal employees have many opportunities how to understand and meet specific needs of customers through which leads to a better quality of services. Employees' loyalty represents a fundamental growth factor of service quality, customers' satisfaction and loyalty and plays an important role in the process of improving financial performance of the company which operates in the service sector [14].

Lages and Piercy argue that customers require a high level of acceptance of their own needs from banks' employees and accurate provided services. In this context, a key element to improve the system of provided services is a correct understanding of customers' needs due to the jobs satisfaction

J. B. is with the Tomas Bata University in Zlín, Faculty of Management and Economics, Mostní 5139, 76001, Zlín, Czech Republic (phone: +420 576 032 417; e-mail: belas@fame.utb.cz).

E. C. and M. H. are with the Tomas Bata University in Zlín, Faculty of Management and Economics, Mostní 5139, 76001, Zlín, Czech Republic (e-mail: cipovova@fame.utb.cz, holec@fame.utb.cz).

This paper was supported by Project No. IGA/FaME/2013/010: Satisfaction mirror effect and bank financial performance.

of employees [8].

Coelho and August indicate that the formation of a favorable working environment stimulates a creative productivity of employees. According to authors, managers should consider the increase of employees' job autonomy, a diversity of their activities, quality of a feedback and their identity in a job process because these attributes form a creative approach of their job responsibilities in the service sector [4].

Maddern, Maull and Smart showed a high correlation between employees' satisfaction and customers' satisfaction in English financial service sector [9].

According to Kocianová, managers are expected to be able to lead the employees to apply their knowledge to gain and retain the employees' loyalty to a company's management to openly communicate with people and pay attention to the feedback. In this context, the leave of skilled people from the firm may be seen as an irreplaceable loss of competitive advantage of the company [6].

Wagnerová stated that in relation to the financial performance of the company, it is important to create conditions for employee satisfaction because their dissatisfaction leads to a loss of interest in job (frequent absence) and to a loss of interest in the company (high turnover rate). The author also states that it would be logical to assume that a high job's satisfaction of employees leads to a high productivity. But the relationship between job's satisfaction and productivity is very insignificant. Satisfied employees need not be highly efficient. According to author, investigation has not set any positive relation between satisfaction and productivity. A satisfied employee is not necessarily excellent productive and employee with high productivity is not necessarily satisfied and happy [15].

III. OBJECTIVE, METHODOLOGY, RESULTS AND DISCUSSION

The aim of this article was to analyze the relationship between the loyalty and the acceptance of clients' needs and to analyze the relationship between the loyalty of banks' employees and the lack of their productivity in the Czech and Slovak banking sector.

The research has been realized through a questionnaire survey. The questionnaire has been developed on the results of foreign studies Berry [2], Croxford, Abramson and Jablonowski [5] and author's own knowledge of this problem. The survey was firstly conducted in 2012 in the Czech Republic on a sample of 87 respondents, who worked in banks such as: Česká spořitelna, Komerční banka, Unicredit Bank, Raiffeisen Bank, mBank, Hypoteční banka, GE Money Bank, Equa Bank a Air bank. In the Slovakia, the questionnaire survey has been conducted in 2012 on a sample of 115 respondents, who worked in the most important Slovak banks such as: Slovenská sporiteľna, Všeobecná úverová banka, Tatra banka, ČSOB, OTP banka. Questionnaires were anonymous; respondents could answer truthfully without any possible sanctions imposed.

Within article proceedings, following working hypothesis has been set:

H1: The approach of employees to accept the client's needs is conditional on their level of jobs' satisfaction which is transferred into a loyalty. A higher level of employees' loyalty brings their better approach to acceptance of clients' needs.

H2: Loyal employees work more intensively and suffer by a lower lack of their own productivity.

Within this study preparation, following procedure has been set:

1. A level of employees' satisfaction in the Czech (CR) and Slovak (SR) banking sector has been quantified.
2. Within each of banking sector, a research sample on the sample of loyal and disloyal banking employees has been divided and the approach to the acceptance of clients' needs and perceived lack of productivity has been quantified.
3. Identified research results have been compared with results from Slovak Republic (SR) through the test of equivalence of two units. We have employed the Test of Equal Proportions with continuity correction. The null hypothesis states here is no difference in population's proportions. Significance level was set at = 0.05. If achieved values was less than, then the null hypothesis H0 was rejected.

A level of the loyalty of banking employees has been realized through responses to the question: What kind of relationship do they have to their own bank. Results are shown in Table I.

Results about the loyalty rate of banks' employees in Czech and Slovak Republic are different, which the value of the test criteria has confirmed. The number of respondents who were proud of their employer in the Czech Republic has been statistically significantly higher than in the Slovakia.

TABLE I
RESULTS OF LOYALTY RATE OF BANK EMPLOYEES IN CZECH AND SLOVAK REPUBLIC

Question: How would you express your feelings towards the bank?	CR in %	SR in %	p-value
1. I am proud of the bank I work for	69	13	<0.01
2. if they pay me well, other factors do not matter	19	22	0.74720
3. bank is indifferent to me	1	9	-
4. I do not think about it	11	56	<0.01
$\chi^2=69.93760$		p-value<0.01	

Source: Own research

Note: p-value cannot be calculated because of small number of observations.

The acceptance of clients' needs in Czech and Slovak banking sector has been investigated through a question which is with its results shown in Table II.

TABLE II
THE ACCEPTANCE OF CLIENTS' NEEDS IN CZECH AND SLOVAK BANKING SECTOR

Question: If you have a feeling that the client has chosen a wrong product, what would you do?	CR in %	SR in %	p-value
1. If he was free to choose, I would sell him the product	1	30	<0.01
2. I will sell the product and gently draw his attention to possible risks	23	48	<0.01
3. I will explain to him <i>disadvantages</i> of the selected product and I will offer him another suitable product	76	22	<0.01
4. I do not solve this problem	0	0	-
$\chi^2=63.51690$		p-value<0.01	

Source: Own research

The approach of banking employees in the Czech Republic is statistically significantly different compared with Slovak Republic, which also confirmed values of the test criteria.

The number of respondents, who would offer another suitable product in the case of the client's incorrect selection, is significantly higher in the Czech Republic than in the Slovak Republic. Answers on this question have confirmed a low acceptance of customers' needs because only 22% of respondents in the Slovakia were willing to offer suitable product to the client in the case of adverse choice.

Table III shows results about the acceptance of clients' needs in the Czech banking sector. Research sample has been divided into a sample of loyal employees (CRL) and disloyal (CRN) employees. A sample with loyal employees has included 61 respondents and sample with disloyal employees contained 26 respondents.

TABLE III
THE ACCEPTANCE OF CLIENTS' NEEDS IN THE CZECH BANKING SECTOR (LOYAL AND DISLOYAL EMPLOYEES)

Question: If you have a feeling that the client has chosen a wrong product, what would you do?	CRL in %	CRN in %	p-value
1. If he was free to choose, I would sell him the product	2	8	-
2. I will sell the product and gently draw his attention to possible risks	28	19	0.56250
3. I will explain to him <i>disadvantages</i> of the selected product and I will offer him another suitable product	70	73	1.00000
4. I do not solve this problem	0	0	-
$\chi^2=0.18000$		p-value=0.67000	

Source: Own research

Calculation of χ^2 has been carried out for 2 and 3 responses. It has not been found any evidence that a behavior (lines) differs in relation to the loyalty (columns). This is confirmed a paired comparisons of proportions (lines 2 and 3), which is not shown any difference in attitudes.

Table IV shows results about the acceptance of clients' needs in the Slovak banking sector. Research sample has been divided into a sample of loyal employees (SRL) and disloyal (SRN) employees. A sample with loyal employees has included 15 respondents and sample with disloyal employees contained 100 respondents.

TABLE IV
THE ACCEPTANCE OF CLIENTS' NEEDS IN THE SLOVAK BANKING SECTOR (LOYAL AND DISLOYAL EMPLOYEES)

Question: If you have a feeling that the client has chosen a wrong product, what would you do?	SRL in %	SRN in %	p-value
1. If he was free to choose, I would sell him the product	34	30	-
2. I will sell the product and gently draw his attention to possible risks	33	40	-
3. I will explain to him <i>disadvantages</i> of the selected product and I will offer him another suitable product	33	30	-
4. I do not solve this problem	0	0	-
$\chi^2=0.24340$		p-value= 0.88900	

Source: Own research

Number of observations is very low; therefore they are insufficient for the paired comparisons of proportions (the conditions for the test is: $n \cdot p$ whereas $(1-p) \cdot n$ must be higher than 10. For our case we have $0.34 \cdot 5 = 1.7 < 10$). For the analysis of overall table, Monte Carlo with 2000 replications has to be used. Changes in the structure have not been proved. According to our findings, a behavior of individual sample has not been statistically significantly different. Therefore it can be stated that the loyal employees approach to the acceptance of clients' needs equally like other employees in the Slovak banking sector.

Results about lacks of productivity of banking employees are shown in Table V.

TABLE V
LACKS OF PRODUCTIVITY IN THE CZECH AND SLOVAK BANKING SECTOR

Question: If you would have better working conditions (eg., the bank would appreciate you more, you would have prerequisites for career growth, your suggestions would be carefully analyzed by the bank, etc.), by what % would increase your productivity?	CR in %	SR in %	p-value
1. by 0 % because now I'm working very hard	46	29	0.02000
2. at least by 10%	26	22	0.52300
3. at least by 20 %	15	24	0.15600
4. at least by 30 %	13	25	0.05770
$\chi^2= 9.64130$		p-value= 0.02188	

Source: Own research

Data in Table V confirm that the level of lack of productivity which is perceived by employees in Czech banking sector is different from the Slovak one. According to our results, bigger amount of respondents in the Czech Republic said, that they are working intensively and do not feel any lacks of productivity.

The average level productivity lack in the Czech Republic was 7.3% and average level of lacks of productivity which were perceived by employees in the Slovak Republic was 16.4%.

TABLE VI
LACKS OF PRODUCTIVITY IN CZECH COMMERCIAL BANKING (LOYAL AND
DISLOYAL EMPLOYEES)

Question: If you would have better working conditions (eg., the bank would appreciate you more, you would have prerequisites for career growth, your suggestions would be carefully analyzed by the bank, etc.), by what % would increase your productivity?	CRL in %	CRN in %	p-value
1. by 0 % because now I'm working very hard	57	46	0.46700
2. at least by 10%	25	27	1,00000
3. at least by 20 %	10	19	-
4. at least by 30 %	8	8	-
$\chi^2=1.74260$		p-value=0.62750	

Source: Own research

Loyal and disloyal employees in Czech banking sector do not perceived any statistically significant differences in their own productivity lack.

TABLE VII
LACKS OF PRODUCTIVITY IN SLOVAK COMMERCIAL BANKING (LOYAL AND
DISLOYAL EMPLOYEES)

Question: If you would have better working conditions (eg., the bank would appreciate you more, you would have prerequisites for career growth, your suggestions would be carefully analyzed by the bank, etc.), by what % would increase your productivity?	SRL in %	SRN in %	p-value
1. by 0 % because now I'm working very hard	0	25	-
2. at least by 10%	33	20	-
3. at least by 20 %	34	25	-
4. at least by 30 %	33	30	-
$\chi^2=5.12000$		p-value = 0.16690	

Source: Own research

Loyal and disloyal employees in Slovak banking sector do not perceived any statistically significant differences in their own productivity lack.

IV. CONCLUSION

Results of our research have partially confirmed the validity of set hypotheses. Loyalty of banking employees is higher than in the Slovak Republic which has been transformed into a higher acceptance level of customers' needs and lower (perceived) productivity lack. It can be concluded that a higher level of loyalty in the system leads to a better customer care and more intensively employee's productivity.

Within each country, it has been found that the approach of loyal employees to the acceptance of clients' needs does not statistically differ from the approach of other employees. Results also showed that loyal employees do not work more intensively and do not feel statistically significant lower lack of their own productivity.

The loyalty of banking employees is important for a bank also in another area of business. Disloyal employees leave from a bank ordinarily. A high level of turnover rate may in certain cases mean a decrease of potential productivity because bank can be seen less credible for certain customers.

Research has been conducted on a limited sample of respondents because banks do not usually provide this kind of

information. Otherwise it brings some interesting ideas for personnel management in commercial banking.

REFERENCES

- [1] E. Babakus, U. Yavas, O.M. Karatepe, T. Avci, "The Effect of Management Commitment to Service Quality on Employees' Affective and Performance Outcomes". *Journal of the Academy of Marketing Science*, 31, 2003, p. 272-286. <http://dx.doi.org/10.1177/00920703031003005>
- [2] J. Berry, *Franchising in Retail Financial Services*. VRL Publishing Ltd, 2005.
- [3] N. A. Bhutto, M. K. Laghari, F. D. Butt, "A Comparative Study of Organizational Climate and Job Satisfaction in Public, Private and Foreign Banks". *Asian Social Science*, Vol. 8, No. 4, 2012, p. 259-267. <http://dx.doi.org/10.5539/ass.v8n4p259>
- [4] F. Coelho, M. Augusto, "Job Characteristics and the Creativity of Frontline Service Employees". *Journal of Service Research*, Vol. 13, Issue 4, 2010, p. 426-438. <http://jsr.sagepub.com/content/13/4/426.full.pdf+html>
- [5] H. Croxford, F. Abramson, A. Jablonowski, *The art of better retail banking*. England, Chichester: John Wiley & Sohs, Ltd, 2006.
- [6] R. Kocianová, *Personální řízení. Východiska a vývoj*. Praha: Grada Publishing, 2012.
- [7] E. J. Labach, "Improving Customer Retention Through Service Quality At Call Centers". *International Journal of Management & Information Systems*, Vol. 14, No. 3, 2010, p. 71-76.
- [8] C. R. Lages, N. F. Piercy, "Key Drivers of Frontline Employee Generation of Ideas for Customer Service Improvement". *Journal of Service Research*, Vol. 15, No. 2, 2012, p. 215-230. <http://jsr.sagepub.com/content/15/2/215.full.pdf+html>
- [9] H. Maddern, R. Maull, A. Smart, "Customer satisfaction and service quality in UK financial services". *International Journal of Operations&Production Management*, Vol. 27, Issue: 9, 2007, p. 999-1019. <http://dx.doi.org/10.1108/01443570710775838>
- [10] K. Matzler, B. Renzl, "The Relationship between Interpersonal Trust, Employee Satisfaction, and Employee Loyalty". *Total Quality Management*, Vol. 17, No. 10, 2006, p. 1261-1271.
- [11] H. L. Melton, M. D. Hartline, "Customer and Frontline Employee Influence on New Service Development Performance". *Journal of Service Research*, 13, 2010, p. 411-425. <http://jsr.sagepub.com/content/13/4/411.full.pdf+html>
- [12] L. M. Saari, T. A. Judge, "Employee attitudes and job satisfaction". *Human Resource Management*. Vol. 43, No. 4, 2004, p. 395-407. <http://www.interscience.wiley.com/10.1002/hrm.20032>
- [13] I. G. Saura, G. B. Contri, A. C. Taulet, B. M. Velasquez. "Relationships among customer orientation, service orientation and job satisfaction in financial services". *Journal of Service Management*, Vol. 16, No. 5, 2005, p. 497-520.
- [14] R. W. Y. Yee, A. C. Yeung, T. C. E. CHeng. "An empirical study of employee loyalty, service quality and firm performance in the service industry". *International Journal of Production Economics*, Issue: 124, 2010, p. 109-120. <http://www.elsevier.com/locate/ijpe/10.1016/j.ijpe.2009.10.015>
- [15] I. Wagnerová, *Hodnocení a řízení výkonnosti*. Praha: Grada Publishing, 2008.