Change and Motivation:
How Changes in Organizational Contexts
Alter the Behavioral and Motivational Profiles of Individuals

The case of the Italian banking system*

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Abstract

Over the past two decades the banking industry has undergone profound changes; these have affected not only the performance of banks themselves, but also the overall structure of the relationships that constitute their organization and allow them to exist and do business. In this perspective, it is relevant and necessary to understand how significant and deep the changes that characterize the relationship between a bank and its employees are, as this relationship to a great extent determines the present and future market performance of the firm.

The different surveys providing the empirical evidence for this study generally confirm a state of discomfort and anxiety among bank employees; furthermore, this state of mind is coupled with a widespread nostalgic attitude towards the “good old banking days”, which, although undetermined and to some extent mythological, represent for many individuals some kind of paradise lost. Given that this is an unsustainable situation, the authors have tried to develop some possible solutions which might help to restore a climate of confidence and satisfaction within different professional groups, thus improving morale and enhancing financial results and staff performance in the banking industry.
Introduction

In recent times some important changes have characterized the banking industry worldwide, though of different intensity in different markets (Amel, Barnes, Panetta, Salleo, 2004; Edwards, Mishkin 1995; Hellwig, 1994; Rajan, 1996; Rajan, Zingales, 2003). In particular, academic research, university papers and studies by central banks and regulators highlight these main trends:

- **Internationalization**: the steady development of integrated financial markets has made the banking sector more international (Bikker, Bos, 2004; De Nicolò, Bartholomew, Zaman, Zephirin, 2003; Dermine, 2002; White, 1998);

- **Disintermediation**: funds increasingly tend to bypass the banking industry; also, some traditional banking payment facilities have to compete with efficient non-banking alternatives (Bikker, Bos, 2004; Dermine, 2002; Llewellyn, 1999);

- **Integration**, in the sense of both monetary integration at the European level and financial integration at the worldwide level (Goddard, Molyneux, Wilson, Tavakoli, 2007; Llewellyn, 1999; Rajan, Zingales, 2003; Schuler, 2003);

- **Consolidation**: competition has ignited a wave of consolidation which has gone well beyond the boundaries of the traditional banking industry (Berger, Demsetz, Strahan, 1999; De Nicolò, 2000; De Nicolò, Bartholomew, Zaman, Zephirin, 2003);

- **Innovation**: technology is changing banking core business components (information, risk analysis monitoring, trading, processing and delivering); its power will be decisive and represents both a threat and an opportunity for banks (Berger, 2003; Casolaro, Gobbi, 2004; Chemmanur, Wilhelm, 2002; Dermine, 2002; European Central Bank, 1999, 2004; Goddard, Molyneux, Wilson, Tavakoli, 2007; White, 1998);

- **Regulation and deregulation**: important changes in banking legislation have affected competition, efficiency, performance and risks in the banking industry. Several European Union Directives, Basel II, and new tax and accounting standards have significantly changed the world of finance over the past decade (Ciocca, 2005; Humphrey, Pulley, 1997; Lown, Osler, Strahan, Sufi, 2000);

- **Privatization and (consequently) maximization of shareholders’ wealth**: managerial decisions are driven mainly by shareholder value considerations. This phenomenon is caused by tough competition on equity markets, with business assuring rich returns to investors; in some cases (and this is true for Italy) this is magnified by the change in the property structure of the industry, which has shifted from state-owned to private. (Bikker, Bos, 2004; White, 1998; Goddard, Molyneux, Wilson, Tavakoli, 2007).

These changes have been so profound and to some extent disruptive that they couldn’t but have a major impact on the industry; most of the effects have been widely described in the academic literature. In this paper we focus on some specific, though significant, issues. Our research questions are: a) what are the cultural mutations such transformations will cause, and b) what will the changes be, and to what extent, in terms of organizational behavior. Therefore, after a series of studies investigating the relationship between macroeconomic context,
strategic choice and the organizational structure of firms, we consider the state of mind and motivational/psychological profiles of the people involved: aspects which, in our opinion, have not received adequate consideration in the literature on the evolution of financial intermediation (Herzberg, Mausner, Snyderman, 1959; Herzberg, 1968; Vroom, 1964; McClelland, 1985; Maher, Braskamp 1986; Maslow, 1954). Our research hypothesis is that the changes experienced by banks have not only affected the psychological state of bank employees (in our case we focus on branch personnel) but also their social relationships, both within and outside the bank (Greenberg, 1996; Turner, 2001; Pinder, 1984; Herzberg, 1966); these aspects have a significant impact on the performance of the bank, its capacity to attract and retain customers and to generate profits in the long run.

Starting from models that study the causal relationship between organizational environment and the performance levels achieved by personnel, this paper:

1. suggests some guidelines, redesigning the organizational structure of the branches;
2. proposes some organizational solutions that may ease the impact of change on individual employees and relieve their discomfort and anxiety.

The first section of the paper presents the methodologies of the empirical analysis. The second section examines the results of the analysis, describing the impact of the changes on the psychological state of the individual branch employees, on their social relationships, and on their motivational drive. Results are presented referring to specific professional groups; a branch is a distinct part of an organizational whole whose components used to be and apparently still are relatively homogeneous. Indeed, our analysis reveals that due to the abovementioned changes, the unity of the branch as a compact organization has broken down, leading to the formation of distinct subgroups so different from one another that, in order to refer to the different professional ‘families’, we decided to adopt the term ‘caste’. So wide and potentially permanent are the differences in terms of culture, goals, attitude and motivation, that it becomes necessary to speak of irreconcilable anthropological profiles drifting towards divergence and mutual incomprehension (Tajfel, 1978; Argyle, 1994). The last section of the paper presents some concluding remarks on the possible organizational implications of the problems revealed by the survey.

1. The methodology of analysis

No public data is available and useful for this kind of analysis; when it tries to investigate some ‘soft phenomena’ such as culture, internal climate, satisfaction, psychological mood and so on, social research cannot tap any vast public database, but has to acquire its own specific and complex evidence. In our case, three different types of enquiry were conducted, the first being clinical psychological colloquia, the second focus groups and the third based on standard questionnaires with multiple choice questions and Likert scales.
Given that we wanted to investigate motivation in terms of level, determinants and effects, the theoretical backbone of our study is the model developed by Lawrence and Nohria, the “four drivers model” (henceforward, 4D model). The model has neurological, evolutionist and ethological roots; however, its results can be used directly in economic and organizational sciences (Lawrence, Nohria, 2002). The model identifies four fundamental drivers that orient the motivations and behavior of human beings: D1 (drive to acquire), D2 (drive to bond), D3 (drive to learn), D4 (drive to defend). These elements characterize all individuals, since they form part of our common genetic heritage. However, the intensity of each single driver and the way it develops and determines behaviors vary according to the psychological characteristics of individuals and the cultural contexts to which they belong. The 4D model is thus not only descriptive but to some extent normative, in that as none of the four drives can be excessively compressed or eliminated without altering the "ecology" of the individuals (particularly their motivational system), an organization must to some extent satisfy each and every one of the four drives. If this is not the case, the motivational system of individuals will be negatively affected and the situation will not be sustainable in the medium term.

The model is basically biological and evolutionary; however we stressed its cultural perspective and, as an effect, we contaminated it with some elements of anthropology and psychology (Adams, 1963; Argyle, 1994; Greenberg, Cohen, 1982; Tajfel, 1993). We focused on a specific market (i.e. Italy) and on a specific group of workers (i.e. branch employees) because given that values, behavior and emotions were to be analyzed, we had to select a specific context having an adequate degree of cultural and organizational homogeneity. Moreover, the Italian banking industry is particularly appropriate for this kind of approach because while its culture in the past was relatively compact and stable, over the past 20 years it has undergone a complete revolution, passing from being largely state-owned to privately-owned. Along with changes in corporate governance, the structure of the sector has also undergone radical changes caused by an intense, and still ongoing consolidation process (Amel, Barnes, Panetta, Salleo, 2004; Filotto, 2004). This has been of paramount importance for changes in the mission, goals and thus the culture and incentive systems of banks, as they have been faced for the first time with a set of objectives whose priority is generating adequate profits for shareholders.

Branch employees are relevant for our analysis for several reasons. First of all they represent two-thirds of the entire Italian bank population, over 200,000 persons (Bank of Italy, 2008); second, due to the necessity to generate a constant and ever-increasing volume of business, they are more definitely oriented toward sales activities, while traditional production and administrative activities are centralized.

Our research was conducted on a sample of four Italian banks. Because soft issues were to be investigated, the research imperative was a sufficient degree of diversification in terms of size, history, stakeholders, governance; consequently the sample could not be statistically representative (this is generally true for sociological-anthropological-cultural enquiries). Four sales managers were interviewed, 64 branch managers participated in our focus groups and 430
employees answered our questionnaire. Table 1 summarizes the characteristics of the four banks that participated in the survey.

Table 1: the sample banks

<table>
<thead>
<tr>
<th>Bank</th>
<th>Size*</th>
<th>Market</th>
<th>Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank A</td>
<td>major</td>
<td>national and international</td>
<td>independent public company</td>
</tr>
<tr>
<td>Bank B</td>
<td>large</td>
<td>originally local though it has grown rapidly in recent years by absorbing other small and medium-sized banks</td>
<td>independent cooperative</td>
</tr>
<tr>
<td>Bank C</td>
<td>medium</td>
<td>local (primarily in the northwest Italian regions)</td>
<td>independent public company</td>
</tr>
<tr>
<td>Bank D</td>
<td>medium</td>
<td>local (primarily in the central Italian regions)</td>
<td>public company belonging to a major group</td>
</tr>
</tbody>
</table>

*Bank of Italy classification

The sample covered a satisfactory degree of diversification in terms of intensity of change and thus on the retention or not of a strong company identity and culture. As the status and nature of internal relationships is interrelated in the different positions of the structure, the survey encompassed (though with different methodologies):
1. sales managers having responsibility for the branch network;
2. branch managers;
3. branch personnel.

The research was therefore structured into three distinct, though continuous, stages, in that branch employees participating in the third phase of the research were from the branches whose managers had participated in the previous phase; in turn these managers report to the sales managers previously involved in the survey.

A sales manager for each bank was interviewed in clinical colloquia based on a semi-structured questionnaire; interviews lasted from two to three hours and a professional psychologist was always present. As we wanted to gather information on phenomena which are still somewhat unknown, and also wanted to capture the “flavor” of the cultural environment of the bank and of the role, semi-structured interviews were considered the most appropriate methodology, as they enabled us to investigate the reasons behind some forms of behavior, as well as the links between the variables involved. Also, because we followed the same script for all the interviews, we were able to compare the results, highlighting differences and similarities, recurrent themes, discontinuities. This allowed us to identify problems requiring closer examination in the following phases of the research and provided the guidelines for designing the subsequent tools of the enquiry. Sales managers were interviewed between September and October 2003. Details of the structure of the interview are provided in Annex A.

A different methodology was used for studying branch managers: groups of from 6 to 10 managers were asked to participate in ideational focus groups; two focus group sessions were conducted for each of the banks in the sample. Being essentially qualitative, focus groups facilitate the generation of ideas and allow
opinions and attitudes to emerge while they do not provide data and information (Rubin, Babbie, 1997). This methodology seemed the most appropriate because we were trying to study the phenomena of expectations, hopes and fears. The type of focus group used could be described as "ideational", since its purpose was to generate interpretive hypotheses partly through unusual symbolic and analogical languages. The moderators (one of them always a professional psychologist) activated the group with questions and issues for discussion designed to stimulate the activation of metaphorical, ‘lateral’, associative ways of thinking. The purpose of this technique is to use ways of thinking which are less directly controlled by rational judgment, so as to generate perceptions, images and beliefs which are not entirely explicit and conscious; by doing so, differences between what one states and what one feels emerge. The banks were asked to select the focus group participants, differentiating them by gender, age, branch dimension and seniority, so as to have as complete a sample of the bank organization as possible.

The ideational focus groups with branch managers were conducted in the period November 2003-February 2004. Details of the focus group contents are provided in Annex B.

At the end of each focus group session, the managers were asked to complete the Culture Bridging Fundamentals® questionnaire (from now on CBF), so as to gain a quantitative assessment of their perception of the change in banking culture and its reference values. CBF is a model of analysis of company culture developed in France in the mid-'90s. Originally conceived as an instrument to support the cultural integration of two or more companies involved in an M&A process, CBF is used today to investigate the cultural evolution of an organization experiencing profound change (Gancel, Rodgers, Raynaud, 2004). Use of CBF in the present survey also enabled us to compare the cultures of the four banks involved, allowing us to understand which cultural dimensions were more affected by change. CBF utilizes an adapted and simplified questionnaire, divided into four sections. Each of them investigates one of four fundamental dimensions of company culture:

1. trust (who do we trust?);
2. authority (how do we exercise authority?);
3. solutions (how do we solve problems?);
4. sustainability (how do we guarantee survival and growth?).

Each section comprised 12 statements covering the spectrum of company culture (values, reward systems, processes, procedures, modes of internal and external communication, etc.) (Schein, 1988); branch managers were asked to answer first referring to the bank of today, then to the bank of the past. CBF thus gave ‘quantitative’ relevance to what emerged from the focus groups.

The objective of the last phase of the research (April 2004 - January 2005) was to investigate the experiences, motivations, values and culture of the principal professional groups in the branches. These are:
1. tellers/terminal operators;
2. salespeople/consultants;
3. administrative/back-office personnel.

At this stage in the research, we wished to obtain a broad sample and utilize an instrument that would permit replication and comparison of results. We therefore selected the questionnaire methodology, which is the standard when gathering information on broad populations and generating results that can be statistically processed.

The questionnaire respondents were not selected randomly since, for obvious reasons of consistency and logical continuity, the targets of the survey worked in the branches whose managers were involved in the focus groups, thus creating a continuous line of reporting from the top to the bottom of the organization. Since the branch managers had been chosen randomly and since the composition of the branch employee sample could not be guided by the selection of the managers, we can state with certainty that the survey can be considered immune from effects deriving from any distortions in the group of respondents.

The following figures give some details regarding the respondents’ profiles.

*Figure 1: profile of questionnaire respondents - gender*

![Gender chart](image)

The questionnaires were answered online. The respondents had no direct interaction with the authors of the research or with their managers; answers were anonymous and were processed directly by the researchers.
There were 430 questionnaire respondents, equally divided between the four sample banks.

The large number respondents provided the data necessary to measure the frequency of some phenomena and to quantify the intensity of the links between variables by applying inferential statistical methods.
The development of the questionnaire was closely related to the conceptual models underlying the research and was based on the results of the preceding phases of inquiry. In particular, the selection of the specific questions was guided by an analysis of the themes recurring in the interviews and focus groups. This led to the identification of six macro-themes:

1. motivations;
2. perception of change;
3. customer orientation;
4. relationship with the bank;
5. communication, both internal and external;
6. relationships with colleagues and the branch manager.

Each of these areas was developed by means of specific questions, often referring to different time periods (past, present, future). Socio-demographic questions covered age, gender, duties in the branch and size of the branch; these variables were included to reveal any association between them and the answers provided, i.e. socio-demographic variables were taken as independent variables, while the opinions, beliefs, motivations and behavior of the respondents were taken as dependent variables. Details of the structure of the questionnaire are provided in Annex C. The following section presents the main results generated by applying these methods of analysis.
2. Results of the empirical testing

2.1 Change: the bank of the past and the bank of today

To branch employees, changes that have affected the banking industry have been of unprecedented and devastating proportions. This result was confirmed by applying purely analogical methodologies, which tend to detect the emotional impact of change and the extent of hopes, concerns and critical factors that it produced in the experience of respondents. In particular, within the focus groups we asked the participants, divided into sub-groups, to represent their perception of change by choosing a few pictures from magazines (the same for all focus groups). They were asked to stick on a poster the pictures that best expressed the values, practices and culture of the ‘bank of yesterday’, and on a second poster those that portrayed the reality of the ‘bank of today’.

The result was deeply revealing: branch managers from all of the four banks surveyed invariably used for the past figures that expressed order and serenity, peaceful situations, to some extent static and boring, but never distressing (Figure 5 shows some examples of the images collected to represent the bank of the past).

Figure 5: the bank of the past
When it came to today, images selected showed great dynamism and symbolized challenges to be met, but they were almost always representations that expressed disorder, uncertainty, complexity, and confusion (Figure 6 shows some examples of the images collected to represent the bank of today).

Figure 6: the bank of today
The results of the questionnaires completed by the various branch professional families confirm the perceptions of the managers as to the extent and quality of change. The bank of the past, as shown in Figure 7, was described by the vast majority of the questionnaire respondents as traditional, hierarchical, static and bureaucratic, paternalistic, not very flexible or dynamic, not very sales-oriented, though fair and non-aggressive. The bank of the past was indeed heavily burdened by more or less efficient organizational routines, bureaucratic, but at the same time it represented a ‘safe haven’, a ‘respectable and respected institution’, capable of meeting the expectations of its principal stakeholders, particularly the employees. As the questionnaire results illustrate, bank employees were proud of their bank and they identified themselves with company culture. The branch was a united group. Of course, there was diversity between the position of the tellers and that of the credit line office employees (a position that was the first real springboard for a brilliant career), but the sense of solidarity was strong because positions rotated and nobody was denied the chance to move up. The manager was often a pater familias figure, a recognized leader and point of reference. The lack of competition and the limited range of products meant that the customer was captive. On the other hand, because there was no real pressure for profits, banks were conservative and protected their customers from any kind of risk.

*Figure 7: What characteristics best describe the bank of the past?*

As Figure 8 illustrates, the bank of the past was not a charity. Indeed, the majority of respondents felt that even then its primary objective was profit, balanced by the fact that customer confidence, development of the community and personal and professional growth of its employees were also important.
The bank of today, on the other hand, was described by the vast majority of branch personnel as sales-oriented, aggressive and dynamic, as illustrated by Figure 9; it is no longer considered fair, static, traditional or paternalistic by anyone and, compared to the bank of the past, it is also less bureaucratic, a bit more flexible, and much less hierarchical. Of course there is no free lunch: customer confidence is no longer an objective but simply a constraint.

Today the profit orientation of banks has become stronger. Using our questionnaire it averaged 66%, compared to the 40% of the bank of the past. Customer confidence and development of the community have lost ground (dropping from 30% to 16% and from 19% to 12%, respectively).

Change has overturned the rules of the game, and the values to which bank employees were loyal have been replaced by others, which, rather than simply
being different, are their opposite. A loss of self-identity, some alienation, concerns for a future that seems to offer threats and no longer promises, is what emerges from the enquiry. During a focus group a branch manager stated that “the revolution that has taken place in banks, these phenomena of extreme aggregation, of acquisition of sales networks, transfers and redundancies, have deprived us of a sense of belonging and that sense of tranquility that a job in a bank offered”.

2.2 The effects of change on social relationships

Changes experienced by banks have had a significant impact on the branch employees’ social relationships, too. More specifically, the widespread state of discomfort can be broken down into three relational dimensions regarding:
1. superiors and colleagues from the head office;
2. superiors and colleagues from the branch;
3. customers.

The most visible social rift, the observation of which provided the stimulus to undertake this research, is that between the bank head office and the branch network. This is a broad divide that has always existed, but distances seems to be widening. Indeed, top positions are increasingly unreachable via an internal career and are taken by people having a background completely different from that of the typical bank employee. During the focus groups with the branch managers, the perception was that of a distant and potentially unfriendly center, and this negative assessment seems common to all the banks, though with varying intensity. Here is a sample of some of the managers’ caustic assessments: “High command orders, the troops obey”; “If they want to send me to jail, they send me there [to head office]”; “Same religion, different rituals”; “Total detachment”; “A distant sanctuary”; “Completely different priorities and urgencies”; “It almost seems that [head office] has doubts about our professional abilities”; “They almost become offensive”; “There is a culture of suspicion toward the branch managers”; “The center is not at the service of the network”; “Those at head office who resolve a problem act as though they were doing you a personal favor”. The relations between network and head office, which in the past were certainly characterized by a hierarchical, top-down style, now seem tense and contentious. The distance between the ‘two worlds’ seems to be growing, due partly to a lack of structured communication between network and center and even less between network and product factories. Here, again, the opinions expressed in the focus groups were unforgiving: “The center gives too much input, often contradictory”; “There’s no discussion”; “Too many chiefs, not enough indians”.

The problem of communication between center and periphery seems to regard not so much the “quantity” as the “quality”; it is significant that when asked, “How did you learn of the latest organizational restructuring of your bank”, 37% of branch employees answered “by word of mouth” and only 23% “from central management”. It is even more significant that 30% of the respondents stated that they could not speak frankly within the bank and that 15% feel that their banks’ advertising campaigns are “all propaganda and no truth” and that
they denounce the betrayal of some of those conditions deemed essential: “support from the central structures”, “clarity and transparency in the relationship”.

Change, however, like all changes, has not hurt everyone. Some have achieved significant advantages: sales-oriented positions, to mention one area, have gained in terms of both remuneration and career prospects with respect to operational personnel. As the profit orientation of banks becomes stronger, it is no wonder that those responsible for producing value-added services and those that generate revenues are rewarded. Given the need to reduce costs, this obviously implies a redistribution of compensation to the detriment of the "operational masses". Rotation is no solution: an alarming 19% of respondents declared that salespeople, tellers and back-office operators are “three different types of bank employee” and not “different roles”. The salespeople-advisors are the emerging “tribe”: according to some branch managers they represent the “lively, effervescent” world of the new bank, while the world of tellers and back-office personnel is “old and indecisive”. The transformation of the branch into a multi-faceted aggregation of tribes, one of which can condition the performance of the entire community, undermines the traditional compactness of the group and even generates feelings of mistrust and resentment. It should not be forgotten that one of the principal factors of discontinuity with the past is that these positions, which were once interchangeable, have become crystallized; therefore, they no longer represent a temporary set of duties but tend to indicate membership of a professional family that over time tends to become a caste. While 54% of network personnel feel that the bonus due for a brilliant result should be shared by all the members of the branch, 13% feel it should go individually to those who achieved it, and 31% believe in “group solidarity” limited to the sales family.
Change has therefore produced a deep rift between the various professional families in the branch. The speed of ‘mutation’, both inside and outside the bank, has also widened the gap between young people and the ‘veterans’. Those who have long held positions in a branch are no more the wise experienced ones who should pass on their expertise to the young, but rather the possessors of obsolete and largely useless knowledge. One might suspect that one way to favor change within the banks, in fact, is perhaps the gradual exclusion of the holders of past culture through ‘soft’ forms of severance. This observation is confirmed by the results of the Culture Bridging Fundamentals, which indicate that banks are moving from a relational type of cultural model to a pragmatic one. With specific reference to the ways authority is exercised, the former was based on age, experience and seniority, while the latter is focused on leadership and thus personal charisma. Social relations within the branch, like the broader relations between network and center, thus seem vulnerable and fragile.

When considering the ‘outside world’, the picture looks gloomy, as the quality of relations has suffered a disastrous collapse in the recent past and employees seem helpless and passive. When asked, “What do you do if you don't agree on the value of a product or are unable to explain it to customers (because it was not explained it to you, because it is too complex, etc.)”, only 32% answered, “I don't propose it”, while 21% said, “I propose it anyway”, and 47% simply “I express disagreement”. If required to sell something that they perceive as unfair, employees develop a sense of frustration, as if they were stealing from their
customers, thus moving from a situation of balanced reciprocity (sales transactions) to negative reciprocity (theft) (Sahlins, 1972). It also means that customers cease to be friends or counterparts and a condition of hostility and harshness develops. It is very clear that this is a situation which is not sustainable over time, as decent individuals cannot accept that they be perceived (or perceive themselves) as dishonest.

Intentions are indeed good. When asked, "What role do you feel you play with customers?", 48% answered, “A guide”, 33% “At their service”, 6% “A friend”, and only 13% “A seller”. Furthermore, the question, “What aspect gratifies you the most in your relationship with customers?” gets these answers: “The feeling that they trust me” (46% of all respondents), “The feeling that they trust the bank” (24%), “Convincing them to buy” (only 20%) and “Making them earn money” (10%). However, the answer to the question, “How do you think customers see you?”, was disheartening: a full 47% responded, “A shopkeeper” (27% “A friend”, 21% “A confessor” and 3% “An adversary”). What's more, not an extremely trustworthy shopkeeper, since almost 30% of branch personnel feels that the bank treats customers with little or no fairness.

What seems to be missing now in terms of balanced and trustful relations with customers emerges full force in the aspirations of the bank employees that participated in our survey. 52% of them answered that they wished to be considered as “The one that treats its customers best” to the question “What would you like people to say about your bank?”, well above the apparently more probable answer, "The best one to work for”, which received only 25% of the preferences. The desire to regain a balanced relationship with customers is therefore deep-rooted and seems to be a prerequisite for personnel motivation over time.

2.3 The motivational structure of the branch managers

The eight focus groups revealed that only two out of four of the drivers of the 4D model are ‘motivationally active’ for branch managers, while the remaining two are either absent or heavily unsatisfied. The drive to bond and the drive to learn (which also means a drive to assume one's responsibilities and risks in order to escape routine and professional blandness) are still strong and relevant; on the other hand, the drive to acquire and the drive to defend (both materially and in terms of role, professional identity and sets of values) tend to be variably unsatisfied or frustrated. Things have changed a lot: branch managers were respected in their community and enjoyed a high level of social respect, together with an enviable and secure economic position. The only downside was some level of routine, of bureaucracy, the permanence of a crystallized system of relations. In terms of the 4D model, this means that the drives to acquire, to defend, and to learn were strongly and positively active, and that any dissatisfaction was due to the drive to bond.

Today, the situation seems to be exactly the opposite. Most branch managers are currently experiencing deep dissatisfaction and uncertainty; many express immense nostalgia for a past that is no more. One manager sadly remembered
during a focus group, "That sense of respect that existed once, when people meeting me called me “Bank Manager”, has disappeared" (professional Italians are usually addressed by their position). Surprisingly, however, motivation has not completely collapsed. In many cases, we found that branch managers had the ability (or the need) to develop a new social and professional role that could feed their motivational energy, and this was common to most of them, no matter their age or seniority. So what does motivate branch managers? Drive to bond and drive to learn are the answers, as they state that: "We do this because we wish to live, we fear boredom!"; "Better being the driver of a small car than being a passenger in a Ferrari"; "I see myself as a person who can make people's dreams come true"; "I might never get rich but I enjoy an immense variety of human experiences"; "What leads me on is both self-affirmation and a desire to meet expectations".

Let us examine the research data in depth. During the focus groups, branch managers were asked what was "truly motivating in your work, what could drive you to give all that is expected of you and more", having them, at the end of the discussion, make a single, individual choice out of six options associated with the 4D model:

1. money (drive to acquire);
2. relations with others, in the sense of professional and social recognition (drive to bond);
3. the possibility of career advancement (drive to learn);
4. working in a solid structure with no risk of losing your job (drive to defend);
5. having a stimulating, interesting, fun job (again, drive to learn);
6. the united, motivated work team (again, drive to bond).

Branch managers of all banks unanimously affirmed that the most powerful source of motivation in their work was "the relationship with others in the sense of professional and social recognition". This option, in fact, was chosen almost twice as often as the second one selected: "the united, motivated working team”, third being "the possibility of career advancement". This result clearly indicates the prevalence of the drive to bond, as both the first and second options refer to it. Next was the drive to acquire and the third most ‘voted’ option was “the possibility of career advancement”. It is then clear that managers are mainly motivated by drivers related primarily to the social-relational dimension. While the official organizational content of the position seems to decline, branch managers (especially the young ones) are often capable of creating new challenges for themselves: within the branch via the motivation of employees, teamwork, fostering harmony in day-to-day branch life; on the market by winning esteem and trust from important and challenging customers.

Managers have a tough job; some might even describe it as an “art”, coordinating and managing highly diverse groups, in a constant effort to strike a balance between motivation and containment. In addition to the pressure ‘from below’ (the branch personnel), there are the inputs ‘from above’, i.e. from the regional or central offices; managers are therefore asked to combine two apparently colliding forces and must be capable of keeping them together. During the focus groups it was stated that "The system of assigning objectives requires a
certain type of dialogue with one's personnel, the sharing of the objectives permits
a constant debate"; "In the past, managers issued directives, today colleagues are
more directly involved, people management is crucial".

It is precisely in this perspective that managers are finding the greatest source
of motivation, challenge, and redefinition of a strong professional identity. When
asked to describe, of the concrete activities of daily branch life, those that offer
the greatest rewards, managers constantly mentioned succeeding in this task:
"Maintaining harmony and serenity"; "Succeeding in getting everyone involved"
"Teaching something", "Becoming a point of reference for my team"; "Smoothing
unfriendly relationships between colleagues"; "Succeeding in building a close-knit
team"; "Sharing problems with colleagues, collaborating, resolving the problems
together"; "Having everyone smiling"; "Being in constant touch with people"
"Seeing a colleague rethinking a problem discussed the previous day". The
branch manager is "increasingly a people manager" and the ideal (or necessary)
mix of professional and relational abilities for a good manager was assessed in all
the focus groups: it ranged from 20/80 (professional versus relational) up to more
prudent answers, none of which, though, went beyond 50/50.

One final, and somewhat striking, finding: while in the past becoming a
branch manager was a desirable achievement, more and more young employees
prefer to avoid the responsibilities and hard work of the position, as it is not
compensated by enough money or by career opportunities.

2.4 The motivations of the various branch professional families

"It is a widespread opinion that working in a bank is a secure, well-paid job
that requires limited abilities, especially at lower levels, and that offers little
opportunity for gratification. These beliefs do not correspond to the new way of
banking and they will be even less true in the future" (Desario, 1995). More than
ten years later, what are the motivations underlying the decision to work in a
bank? How have the factors of satisfaction and dissatisfaction for branch
personnel evolved?

Generally speaking, it is possible to confirm that most bank employees were
motivated by a stable, secure position (drive to defend) and by a good salary
(drive to acquire). Self-enhancement (drive to learn) or socializing (drive to bond)
were not that relevant. Figure 10, indeed, shows that branch employees did not
consider the bank as a place "where one could learn rapidly", "where you could
feel part of a team", and not even as an environment "attentive to human and
professional values". Being a bank worker meant, at least until recently, satisfying
the drives to defend and to acquire, has the bank confirmed its capacity to fulfill
those expectations over time? Answers appear uncertain and blurred, as over half
the sample satisfaction was around weak to median values.
Figure 10: When you decided to work in a bank, what were the most important reasons?

- An environment where there is team spirit and one feels part of a collaborative group (6%)
- An environment where one could learn rapidly (3%)
- A steady job (35%)
- An environment attentive to human and professional values (6%)
- A competitive environment (6%)
- A job with great prestige (11%)
- A well-paid job (30%)
- The presence of incentives that allows increases in salary (3%)

There has been a significant change in the motivational structure over time, however. Self-fulfillment, personal and professional growth have gained an importance they didn’t have in the past; this is clearly shown in Figure 11.

Figure 11: Which of the following aspects are the most important for improving your work in the bank from now to five years ahead?

- Improvement of the internal atmosphere (15%)
- Steady job (20%)
- Salary increases/career advancements (32%)
- Growth in skill and professionalism (33%)

The results of the research give some insights into the current situation and the foreseeable evolution of the motivations in the various branch professional families. While compensation remains and will remain a powerful driving force, some other drivers play an essential role: the drive to bond and to learn are extremely significant, though they were not even mentioned when people were asked why they sought a position in a bank.

The work experience of the respondents in the current context of radical
change in banking has therefore produced a change in the motivational structure of employees, even in the case of the branch professional families. The importance of the drive to defend and the drive to acquire (with particular reference to compensation) has remained but has been joined by an equally intense drive to bond (relationship with others, collaborative atmosphere, and professional and social recognition) and by activation of the drive to learn: this should influence human resource management.

3. Conclusions

One clear finding of our study is that the situation is, indeed, very confused. Old rules have not been cancelled but are no longer enforceable, old values and principles are obsolescent though nobody has abrogated them: “There is no clarity in the rules of the game”; “There is no clarity in relationships, in roles, in the framework”, as some focus group participants stated. What is lacking, therefore, is a mechanism that ensures that rules and policies are clear and transparent, accepted, fairly applied and respected. It is clearly impossible and absurd to prevent the important changes that have occurred in the banking system from modifying the internal rules of the game. The problem is how to manage these ‘mutations’ and the inevitable tension change generates in personnel.

Briefly stated, we feel it is necessary:

1. to balance the costs and opportunities of the different roles. The 4D model tells us that money is not the only driver, and this means that people can also get fair compensation via career opportunities, improvement in their social condition, stability of their job;

2. to redesign the task and to reinstate the position of branch managers. Because of their strong relational role, they can play both an internal role, coaching and motivating the team and, on the other hand, they are also in the best position to become the guarantors of the bank’s fair treatment of its customers. The need for a mediator, somebody who could act as an interface both between the bank and its customers and between the bank and its employees, is strong and growing. Branch managers often have a psychological profile and a passion for people that leads them to assume responsibility; their incentives have, thus, to be realigned in order to enhance their natural inclination to strike a balance between the bank goals and people’s (both customers’ and employees’) expectations;

3. to make this new situation as clear as possible not only to employees and to anybody seeking a job in a bank, but also to policymakers and unions. It is crystal clear that as bank organization is changing so profoundly, contracts will have to mirror such changes as precisely as possible. Industrial relations within this industry have thus to adapt to higher degrees of differentiation in terms of compensation and of flexibility, of career opportunities and to the demands of a different relational environment.
It is thus fundamental to develop compensation systems that can match expectations and guarantee fairness. The 4D model tells us that money, luckily, is not the only answer. People have different needs and the marginal utility of a given ‘quantity’ of career perspectives is different from one individual to another. This allows us to design different proposals which cater to different professional groups; complying with the principles of the 4D model, the same factors of compensation may be proposed, though in different proportions (Table 2).

*Table 2: a proposal for the motivational drives of the branch professional families*

<table>
<thead>
<tr>
<th>Drive</th>
<th>Managers</th>
<th>Consultants</th>
<th>Tellers</th>
<th>Back office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquire → salary</td>
<td>high</td>
<td>High</td>
<td>medium-low</td>
<td>low</td>
</tr>
<tr>
<td>Learn → career, enhancing professional skills</td>
<td>medium</td>
<td>High</td>
<td>low</td>
<td>low</td>
</tr>
<tr>
<td>Bond → socializing within or outside the bank</td>
<td>very high</td>
<td>medium</td>
<td>medium</td>
<td>medium-low</td>
</tr>
<tr>
<td>Defend → stability</td>
<td>medium</td>
<td>Low</td>
<td>high</td>
<td>very high</td>
</tr>
</tbody>
</table>

This is, of course, a simple proposal, in which all the values remain to be defined and probably adjusted to fit the expectations of the individuals. It is clear, however, that admitting the diversity of the professions in the bank, i.e. the emergence of what we defined in the questionnaire as “three different types of bank employees”, instead of seeking to pretend this does not exist, while defining a new contract (in the broad sense) between the bank and its employees and between the bank and its customers, will help restore the sense of fairness in relations, internally and externally. This is advisable for every firm, but is paramount for banks, whose “raison d’être” is, very simply, trust.
Annex A

Interview outline (network or sales managers)

1. What is your professional background?

2. What do you think are the main changes you see in the bank and in the branches?

3. Is the way you manage the branch network changing? If so, how?

Which is the top performing branch? Why does it work so well?

4. What are (and should be) the characteristics of the ‘typical’ branch employee?

Do you feel people in the branch belong to the same or to different professional groups?

What is your perception of their goals? What is really important for them?

How do they speak about customers? What kind of relationship do they have (and should have) with them (complicity, hostility, etc.)? What is a ‘good customer’ for them?

Do you know what professional goals they had when they were seeking a position in a bank?

5. Do you hold informal meetings (such as group meetings, extra work events etc.) with branch employees?

Are there meetings between groups of branches to share and compare objectives and problems? Is the relationship always vertical or also horizontal?

Is there an internal ‘social’ intranet? Are there common activities, not just work-related (competitions, trips etc.)?

6. Who are the best and worst branch managers you know?
Annex B

Focus group outline (branch managers)

1. What do you normally do during your day? What causes problems? What is the worst issue for you to be worried about when arriving at the office?

2. Imagine you are an anthropologist coming from a distant civilization and you want to understand the “community” of a branch (think about your branch). What would you notice first?

We would like to know what the values and behavioral models of branch employees are: do you feel there is a strong sense of belonging?

Are there significant differences depending on the position and task within the branch? Do these differences lead to the formation of specific professional “families”?

What is good and what is bad in each family?

If you were asked to link each “family” to an actor…, to a football player… What expectations do you think they have?

What are the relations between the families at the branch?

3. We would like to know now how you communicate within the bank. Do you hold meetings with branch employees to discuss objectives and problems? Is there a “social” internal network?

Are there common activities, not just work-related (sports competitions, trips, etc.)?

4. After deciding which professional “family” you think is the most important for the bank:

What are the characteristics of good workers? Can you make analogies (If they were a football player… If they were a working tool… If they were an actor…). What are the objectives they want to achieve through their job, what is really important for them?

What were they looking for when they started to work in the bank? (‘young’ vs. ‘old’)

5. Motivations

What is really motivating for an employee, what drives him or her to go beyond his/her duties?

What do they consider fundamental, what could they not give up?

Which are the actions/tools/ways through which the branch manager can motivate the other staff members?

What could be done to help managers motivate employees?
6. Performance indicators
What are your key performance indicators?

7. The branch manager
What are the characteristics of a good branch manager? Can you make analogies (If he/she was an actor…, if he/she was a football player…, if he/she was a tool…) What were they looking for when they started to work in the bank? (‘young’ vs. ‘old’)
Which are the actions/tools/ways through which the superior manager can motivate them?

8. Change perceptions
How would you describe the main changes you have seen in the bank and in the branch since…
How has the company culture changed? And the values?
What remains and what has definitely “gone”?
Analogies: If it was a natural phenomenon… If it was a garden…

9 Dramatization
What the new bank says…
What the old bank says…
Annex C

Questionnaire outline (branch personnel)

Personal information

1. What is your job? (consultancy/sales; teller; back office)
2. How long have you covered your present position in the branch?
3. How long have you worked in your branch?
4. How long have you worked in the bank?
5. How many people are working in your branch at the moment?
6. How old are you?
7. Gender (M/F)

Motivations

1. When you started to work in the bank, what were the most important reasons you took this job?
2. Have your initial expectations been satisfied?
3. Which of the following aspects are the most important for improving your work in the bank from now to five years ahead?
   a) Money/career opportunities
   b) Stimulating and interesting job
   c) Working in a solid structure with no risk of losing job
   d) Relationships with others, in the sense of professional and social recognition
4. Are you proud to say that you work in a bank?
5. Are you satisfied with your present position in the branch?
6. The last time you worked much more than necessary why did you do so?
   a) Because the manager asked me to.
   b) Because I was helping a colleague.
   c) Because I was expecting a bonus.
   d) Because it was a new and interesting job.
   e) Just through a sense of duty.
7. What is truly motivating in your work?
   a) money
   b) relations with others, in the sense of professional and social recognition
   c) the possibility of career advancement
d) working in a solid structure with no risk of losing your job  
e) having a stimulating, interesting, fun job  
f) the united, motivated work team  

8. Regarding your professional expectancies and wishes, do you think that…
  g) you will be able to satisfy them within your bank?  
h) you will have more chances of satisfying them within another bank?  
i) you will have more chances of satisfying them in another business?  
j) you will probably never be able to satisfy them?  

Perception of Change  

1. The bank of today and the bank of the past (ten years ago) are different. What characteristics best describe the bank of yesterday and the bank of today?

<table>
<thead>
<tr>
<th>The bank of yesterday</th>
<th>The bank of today</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Just, fair</td>
<td></td>
</tr>
<tr>
<td>b) Bureaucratic</td>
<td></td>
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<tr>
<td>c) Paternalistic</td>
<td></td>
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<tr>
<td>d) Static</td>
<td></td>
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<tr>
<td>e) Traditional</td>
<td></td>
</tr>
<tr>
<td>f) Dynamic</td>
<td></td>
</tr>
<tr>
<td>g) Aggressive</td>
<td></td>
</tr>
<tr>
<td>h) Flexible</td>
<td></td>
</tr>
<tr>
<td>i) Hierarchical</td>
<td></td>
</tr>
<tr>
<td>j) Sales-oriented</td>
<td></td>
</tr>
</tbody>
</table>

2. Should older staff members with the same competencies earn more than the young?

3. What would you prefer?
   a) to earn more money but with more risk of losing your job  
   b) to earn a bit less but be more secure  

4. Consider the current objectives of your bank and give them the effective weight you think your bank is attributing to them:
   a) Profit  
   b) Customer confidence  
   c) Local development  
   d) Staff development  

5. What objectives characterized the bank of the past?
   a) Profit  
   b) Customer confidence  
   c) Local development  
   d) Staff development
6. What objectives characterize your “ideal” bank?
   a) Profit
   b) Customer confidence
   c) Local development
   d) Staff development

7. What would you like people to say about your bank?
   a) It is the best (the most aggressive, innovative…)
   b) It is the one that treats its customers best (very careful regarding customers’ needs, risk profile..)
   c) It is the best one best to work for (you can learn, the work is stimulating…)
   d) It is the most attentive to local development (support for the local economy, for volunteer associations, for art and culture…)

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**Customer orientation**

1. What role do you feel you play with customers?
   a) A guide
   b) A seller
   c) An assistant (at their service)
   d) A friend

2. Do you think customers are treated fairly by your bank?
   a) Not at all
   b) A little
   c) Average
   d) Very much
   e) Extremely

3. What is disappointing for the customers?
   a) Products which are too complex to understand.
   b) Products which do not satisfy their needs.
   c) Costs which are too high.
   d) Difficulty in obtaining help and assistance.

4. How do you think customers see you?
   a) As a “confessor”
   b) As a friend
   c) As a shopkeeper
   d) As an adversary

5. If you don't agree on the value of a product or are unable to explain it to customers (because it was not explained it to you, because it is too complex, etc.), what do you do?
   a) I do not propose it
b) I propose it anyway, but I express disagreement with my manager

c) I propose it anyway

6. What is rewarding in your relationship with customers?
   a) Feeling that they trust me
   b) Feeling that they trust the bank
   c) Convincing them to buy a product
   d) Making them earn money

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**Relationship with the bank**

1. What is the branch manager’s role?
   a) A leader
   b) An elder brother
   c) The team coach
   d) An example
   e) A supervisor
   f) A colleague

2. Do you think the bank’s policies are fair as regards the employees?
   a) Not at all
   b) A little
   c) Average
   d) Very much
   e) Extremely

3. In your personal experience, have your managers been fair with you?
   a) Not at all
   b) A little
   c) Average
   d) Very much
   e) Extremely

4. What are the characteristics of a good manager?
   a) He/she is able to take decisions
   b) He/she is able to involve the rest of the staff
   c) He/she is professionally qualified
   d) He/she is fair
   e) He/she is proactive
   f) He/she is able to delegate
   g) He/she is able to listen
   h) He/she is able to teach

5. What contributed the most to your professional growth?
   a) Training and courses
   b) Learning from a more experienced colleague
   c) I taught myself
d) A colleague who is also a friend

6. The performance evaluation process in your bank...
   a) Should be eliminated, as it is useless
   b) Could be improved
   c) Is sufficiently fair and objective

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**Communication, both internal and external**

1. How did you learn of the latest organizational restructuring of your bank?
   a) from head office
   b) from trade unions
   c) by word of mouth
   d) from newspapers
   e) from the branch or area manager

2. Do you feel you can speak frankly within your bank?
   a) Not at all
   b) A little
   c) Average
   d) Very much
   e) Extremely

3. What do you think about your bank’s advertising campaigns?
   a) It is all propaganda and no truth
   b) Not everything is true, but intentions are sincere
   c) Everything is true

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**Relationships with colleagues and the branch manager**

1. If a colleague has achieved a brilliant result leading to a bonus, do you thing that the bonus…
   a) should go individually to the person who achieved the result
   b) should be shared between the members of the sales team
   c) Should be shared between all the branch employees

2. Your colleagues are:
   a) friends
   b) just colleagues
   c) enemies

3. A social event (e.g. dinner, trip) is organized by your bank. What do you think?
   a) I’ll go. I like to spend time with my colleagues
b) I’ll go because I feel I have to

4. Consultants, tellers and back office operators represent:
   a) different roles within the same branch
   b) three different types of bank employee
References


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