

## A Study of Employee Satisfaction in the Agricultural Bank of China in Tengzhou City, China

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***Abstract.** China is undergoing an historic economic and cultural transformation as it emerges as one of the largest consumer markets in the world. With the opening up of China's financial industry, competition is growing vigorously in the banking industry, talented people change jobs very frequently, and each bank competes to recruit and retain talented people. For historical reasons, China's domestic banks' HRM policies are lagging behind other countries, and they do not really understand the psychological and social needs of employees. The majority of staff faces much stress and their job satisfaction is low. The purpose of this study was to form an understanding of employee satisfaction in the Agricultural Bank of China in Tengzhou city. A quantitative research approach was applied to answering the research questions proposed for this study. A total of 103 employees' questionnaire responses from 26 branches of the Agricultural Bank of China (ABC) were analyzed. The main findings of this study were that employees were moderately satisfied with the Agricultural Bank of China, that participative leadership was more welcomed by employees and that employees liked more involvement in the Bank..*

**Keywords:** Employee Satisfaction, Leadership Style, Agricultural Bank of China

### Introduction

China is undergoing an historic economic and cultural transformation as it emerges as the largest consumer market in the world. The government in Beijing has assembled the necessary ingredients for this change to happen, and providers of retailing banking services are starting to benefit. China's size and rapidly growing middle class make it an obvious target market for foreign banks. Between them, the country's 1.3 billion citizens hold nearly USD 2 trillion in personal savings (Simon, Gleave, 2007). With the opening of China's financial industry, competition is growing vigorously in the banking industry, talented people change jobs very frequently, and each bank competes vigorously to recruit and retain talented people. Foreign banks utilize their advantage over domestic banks to attract talent, and many talented people from the domestic banks job-hop to foreign banks. More and more domestic banks recognize that employees have become one of their most important resources: the competition between banks is the competition for human resources essentially. Many banks realize that placing talented people in challenging jobs is very important. A fair and intense context of the financial market makes the banks pay attention to both employees and customer satisfaction, instead of customer satisfaction only. However, in recent years, it appears that talented employees of the foreign banks are returning to the domestic banks, which demonstrates that employees' satisfaction also needs to be upgraded in the foreign banks, because domestic banks have made progress to attract more talented people (Chen Shi, 2009).

There are four state-owned commercial banks in China: the Industrial and Commercial Bank of China, the Agricultural Bank of China (ABC), the Bank of China and the Construction Bank of China. There are also eight private commercial banks, making a total of 12 modern national banks, and there are a number of city commercial Banks and credit unions. Currently, the state-owned banks are gradually transforming into modern commercial banks, while small joint-stock commercial banks are expanding rapidly. Agencies are increasing so as to dominate the domestic market. In view of the

continued growth in China's economic situation and the gradual opening up of its financial policies, foreign banks are continuously increasing their investment in China.

China's banking network is accumulative. Resources are limited, and there is fierce competition among different banks. Competition among banks is essentially a competition for talented employees. Drucker (1993), in his book "Post-Capitalist Society", said that knowledge will replace machinery and equipment, capital, raw materials or labor and become to be the most important production factor of corporate management. Banks are seen as risk-intensive, information-intensive and knowledge-intensive industries, where the demand for talent is even more stringent. Foreign banks use their generous benefits, excellent working conditions and good development space to attract a large number of domestic banking talented people, especially the ones who are good at high-end customer marketing, international settlements, finance and management. The Vice-Governor of the Bank of China, Sun Changji has revealed that the total number of employees who resigned from their jobs in the Bank of China in 2000 totaled 4,403, 62 % of whom were talented people who were recruited by foreign Banks and other financial institutions. According to the People's Bank of China's statistics, from 1999 to 2000, 41,300 people resigned from the four state-owned commercial banks. The loss of talent comprised those employees whose foreign language proficiency was high, who had good customer relations and who were familiar with China's financial policies. A foreign company representative (Wang Li, 2007) has estimated that if state-owned commercial banks in China do not make great improvements within five years, about 25% of their talent will resign, and it will become one of the three losses of China's state-owned commercial banks are facing.

For historical reasons, Chinese domestic banks' HRM policies are lagging behind those of other countries, and they do not really understand the psychological and social needs of their employees. The majority of their staff faces considerable stress and their job satisfaction is low (Wang Li, 2007). In contrast, foreign banks have long histories and management experience; they can provide systematic training, higher salaries, and large space for employees' development. Those factors have great appeal to senior talented people. To attract and retain qualified personnel, to fully utilize employees' wisdom and potential abilities, to let employees make more contributions, the banks must improve employee satisfaction, and enhance employee commitment to the organization and a sense of belonging (Wang Li, 2007).

People are the organization's most important assets, as the enterprise is facing increasingly fierce global competition, and industry structure changes from being labor-intensive to knowledge-intensive. Enterprise business strategy will rely more and more on staff expertise and technology, so as to improve additional value and competitive advantage. But how to make these valuable assets, employees, satisfied with work in order to create the output of better job performance is an important business management issue. With the knowledgeable business era coming, knowledge will become an important resource for enterprises to create core values. Therefore, business needs to rely on talent to acquire the knowledge to create higher added value and enhance competitiveness. However, it does not mean that good employees alone can create a good output of work performances. Especially with the rising level of educational standards and expectations of workers, managers also need to design work to have greater significance for workers. Then they can meet their needs and respond quickly to external environmental changes, so that workers feel satisfied. The Chinese banks need to promote these valuable human assets to maximize their performance so as to achieve their organizational goals.

The banking industry is an important pillar of people's livelihood. With the fierce competition among banks, customers have become strategic resources of banks, and the competition for customers' resources has become a commercial bank's key to development. In this situation, it is the trend of commercial banks to implement satisfaction strategies and to focus on raising satisfaction in bank management. For these reasons, Market Probe China and *money.sohu.com* work together to do banking customer satisfaction research using the internet. The research period for collecting data was from 15th December, 2008 to 28th March, 2009 (<http://www.marketprobe.com.cn>).

From previous studies (Matzler *et al.*, 2004; Matzler & Renzl, 2007), it can be seen that employee satisfaction has been a hot research topic for the organization for a long time, especially now that human resources are playing more and more important roles in organizational development. A lot



of studies (Bogler, 2001; Linlin Ju & Milla Toropainen, 2005) have found that the leadership styles of the leaders and the organizational culture have positive effects on employee satisfaction. Some researchers (e.g., Bulgarella, 2005) also found that customer satisfaction was closely related to employee satisfaction. In this study, the author investigated whether the previous theories and findings were supported by research on the job satisfaction of employees of the ABC. With globalization, the world is becoming smaller and smaller. For the Chinese banking industry, there will be more and more fierce competition. So, many researchers have already studied the Chinese banking industry (Gleave, 2007). The ABC has developed a close relationship with farmers. This can be an advantage for their development, because, in China, there is a great number of farmers. The ABC is trying to provide more services for this large group of customers. In this study, the researcher tried to ascertain the factors affecting employee satisfaction of the ABC in Tengzhou city.

### Research Questions

**There were three research questions proposed for this study:**

- (1) What was the level of employees' satisfaction in 26 branches of the Agricultural Bank of China?
- (2) What kinds of leadership style of supervisor supported employees' satisfaction in the Agricultural Bank of China in Tengzhou city?
- (3) What kinds of organizational culture supported employees' satisfaction in the Agricultural Bank of China in Tengzhou city?

### Concept of Employee Satisfaction

Employee satisfaction has been defined as a pleasurable or positive emotional state resulting from an employee's appraisal of his or her company environment or company experience (Rollinson, 2005). Employee satisfaction is closely related to job satisfaction and the intention to leave or stay with the organization (Robinson, 2006). Kuskü (2003) maintained that employee satisfaction reflects the degree to which the individual's needs and desires are met and the extent to which this is perceived by the other employees. According to Staples and Higgins (1998), employee satisfaction is generally perceived as all the positive attitudes regarding the total work environment. Gruneberg (1979) concluded that, since people spend a great amount of their time at work, an understanding of the factors involved in their satisfaction at work is important for improving their well being. Thus, employee satisfaction may be broadly conceived as the fulfillment of a human being's needs and desires within the occupational environment. When these needs and desires are appropriately met, the employee's satisfaction is increased, and, as it has been shown earlier within the context of the Service Profit Chain, this ultimately leads to a gain for the company in terms of profit.

There is convincing evidence that when job satisfaction is high labor turnover is reduced (Aamodt, 2007). Job satisfaction is one of those work experiences that make it less likely that an employee will think about leaving, even if there are available opportunities. However, if job satisfaction is absent and there are other opportunities, turnover could well increase. Employee satisfaction is also closely related to employees' needs and work expectations. Individual motivation, levels of satisfaction and work performance are determined by the comparative strength of the needs and expectations of various biographical groups and the extent to which they are met (Aamodt, 2007). Employees' needs and expectations can be related to certain aspects of extrinsic and intrinsic motivation and relational motivation. Extrinsic motivation relates to valued outcomes, which are external and provided by others, such as compensation, promotion, opportunities for learning and growth, praise and recognition. Intrinsic motivation, on the other hand, is related to valued outcomes or benefits that come from within the individual, such as feelings of satisfaction, well-being, quality of work life, supervisor support, competence, self-esteem, accomplishment, respect, fair treatment and being informed (Robinson, 2006). Relational motivation relates to aspects, such as social relationships and friendships, affiliation and group functioning (Robinson 2006). Research by Džek el, Basson and

Coetzee (2006) indicated that extrinsic and intrinsic factors, such as compensation, supervisor support and work/life balance policies are significant factors in retaining high technology employees. Training and development and career opportunities were also found to be significant retention factors (McElroy, 2001). As a general definition, the employee satisfaction may be described as how pleased an employee is with his or her position of employment (Moyes, Shao, & Newsome, 2008). To investigate what the employees are satisfied by and measuring the employee satisfaction in the workplace is critical to the success and increases the profitability of the organization for having a competitive advantage (Kelley, 2005).

Employee satisfaction is a crucial issue in business organizations (Matzler & Renzl, 2007). The level of employee satisfaction can have a strong impact on clients' opinions and the reputation of a company. Thus, researchers and practitioners are keen to learn how to improve employee satisfaction and how to handle employee dissatisfaction with organizational change (Davies, Chun *et al.*, 2004). From a management perspective, improving employee satisfaction could reduce staff turnover, enhance performance, and ultimately help the organization gain and maintain a competitive advantage. Many studies have investigated different aspects of employee satisfaction, such as its impact on job performance, and how satisfaction relates to factors like working environment and job stability (Matzler *et al.*, 2004).

Bulent Aydin & Adnan Ceylan *Gebze* (2008), in their article "The employee satisfaction in metalworking manufacturing: How do organizational culture and organizational learning capacity jointly affect it?", said that utilizing from the employees is important for the effectiveness of the firm. This contributes to their competitive advantage; and mostly, human resource management (HRM) deals with this subject in the organization. There is the 'employee concept' at the center of HRM. These employees are the ones who are working for that firm or have the possibility of working for that firm. HRM can be defined as the management of the decisions and actions related with the employees in the organization to implement the strategies for creating a competitive advantage. Another definition of HRM is from Armstrong (2000), that it is the strategic management of the members of an organization who contribute to the achievement of that organization's objectives. These definitions make us conclude that HRM is a strategic business and should be concerned strategically. Strategy may be defined as the statement of what an organization wants to become, the objectives it wants to reach, and how it means to get there (Armstrong, 2000).

Strategic HRM (SHRM) helps the organization to reach its objectives and the main players in SHRM are, again, the 'employees'. A firm's HR strategy should be centered on developing skills and ensuring motivation and commitment. In this statement, 'ensuring the motivation' is concerned with the employees' satisfaction. That is why the satisfaction of the employees takes on an added importance.

There is no limit for the employees to reach the full satisfaction and it may vary from employee to employee. Having good relationships with the colleagues, high salary, good working conditions, training and education opportunities, career developments or any other benefits may be related to increasing employee satisfaction. When investigating employee satisfaction, it should be known that an employee may be more satisfied by a satisfying item, whereas the other employee may be less satisfied with the same item. Because of this factor, we had better analyze the employee satisfaction from a broad perspective. That means the sum of all satisfying factors comprises that employee's satisfaction level. For all these statements, we may define the employee satisfaction as how pleased an employee is with his or her position of employment (Moyes, Shao, & Newsome, 2008). To investigate what the employees are satisfied by and measuring the employee satisfaction in the workplace is critical to the success of and increases the profitability of the organization for having a competitive advantage (Kelley, 2005). Therefore, researching the factors of employee satisfaction in a Chinese bank will enrich the literature and contribute to the organization's HRM policies.

### Research Methodology

This study used an 18-item rating scaling questionnaire to investigate the abovementioned research questions. All questions were assessed by using five-point scales, which were 5 = high

satisfaction, 4 = satisfaction, 3 = moderate, 2 = dissatisfaction, 1 = low satisfaction. Within this frame of reference, the criteria for scale interpretation, based on the five-point scale used in the questionnaire, were as follows:

Scale	Meaning
4.51-5.00	highest satisfaction
3.51-4.50	high satisfaction
2.51-3.50	moderate
1.51-2.50	low dissatisfaction
1.00-1.50	lowest dissatisfaction

### Population and Sample

There was a total of 140 employees in 26 branches of the ABC. The Krejcie and Morgan Sample Size formula (Krejcie & Morgan, 1970) was used to determine the sample size of 103 employees.

Gathered data were kept confidential and participants were assured that their personal information would not be published. The data were used for no purposes other than this research study.

#### Reliability and validity of the Questionnaire

The content validity of the questionnaire was examined by the thesis advisor and three other experts. After thorough checking, the advisor suggested some changes in the questionnaires and then after that the questionnaires were distributed. A reliability test was conducted to find out the reliability of the questionnaire. Thirty samples were used to find out the reliability of each item in the questionnaire at the Shanguo Road Branch of the ABC. The Cronbach Alpha reliability coefficient was estimated for each part of the questionnaire. The reliability of the whole questionnaire was .968

### Data Analysis

All the collected data were analyzed by SPSS 16.0. The descriptive statistics of means and standard deviation were used to analyze the satisfaction questionnaires.

### Findings

*Research Question 1:* What was the level of employee satisfaction of the Agricultural Bank of China?

Table 1. Employee satisfaction level in the Agricultural Bank of China

Employee satisfaction of the ABC	N	Mean	Std. Deviation
1.The Bank is concerned with the long- term welfare of the employees	103	3.48	.906
2.Employee policies of the Bank are administered the same in all departments	103	3.44	.977
3.The Bank maintains salary levels that compare well to other Banks in Banking industry in Tengzhou City	103	3.49	.884
4.The Bank has adequate safety and health standards	103	3.53	.814
5.The Bank recognizes the accomplishment of employees	103	3.58	.858
6.The Bank invests in developing employees' skills and knowledge	103	3.45	.894

Employee satisfaction of the ABC	N	Mean	Std. Deviation
7.The performance appraisal system in the Bank is fair	103	3.43	.870
8.The Bank is one of the best Banks to work for	103	3.49	.850
9.My work is challenging and interesting	103	3.53	.916
10.I am getting enough relevant training for my present job	103	3.46	.826
11.I have the material and tools I need to do my job well	103	3.47	.916
12.There is comfortable working environment in the Bank	103	3.42	.934
13.I was given enough feedback on my performance	103	3.37	.939
14.My manager trusts me	103	3.51	.862
15.Manager in the Bank is an effective leader	103	3.39	.854
16.My work group work well together	103	3.42	.945
17.I am given enough authority to make decisions I need to make	103	3.51	.906
18.The Bank's corporate communications are frequent enough	103	3.47	.861
Total	103	3.47	.890

From the analysis of results it can be seen that employees held a moderate level of satisfaction with the ABC in Tengzhou city with a mean score of 3.47. Employees in ABC are more satisfied with the following five aspects:(1)The Bank recognizes the accomplishment of employees; (2)My work is challenging and interesting; (3)The Bank has adequate safety and health standards; (4) My manager trusts me; and (5)The Bank is one of the best Banks to work for. Employees in ABC are less satisfied with the following 5 aspects: (1) I was given enough feedback on my performance; (2) Manager in the Bank is an effective leader; (3) My work group work well together; (4) There is a comfortable working environment in the Bank; and (5) The performance appraisal system in the Bank is fair.

**Research Question 2:** What kind of leadership style of supervisor is more welcomed by employees in the Agricultural Bank of China in Tengzhou city?

Table 2. Means and standard deviations of employee satisfaction on leadership styles of the supervisor.

Employee satisfaction on leadership styles of the supervisor	Mean	Std. Deviation	Ranking
Directive Leadership	3.38	0.90	3
Supportive leadership	3.46	0.89	2
Participative leadership	3.62	0.90	1
Achievement-oriented leadership	3.00	0.75	4
Total	3.37	0.86	Moderate



Table 2 represented employee satisfaction with leadership styles of the supervisor. Employees were moderately satisfied with the leadership styles of their supervisors. Employee satisfaction on each kind of leadership styles of the supervisor can be ranked as follows: 1. Participative leadership; 2. Supportive leadership; 3. Directive leadership; and 4. Achievement-oriented leadership. Employees were most satisfied with participative leadership, then supportive leadership and directive leadership. Achievement-oriented leadership had the lowest mean score of 3.00.

**Research Question 3:** What kind of organizational culture is more welcomed by employees in the Agricultural Bank of China in Tengzhou city?

Table 3. Means and standard deviations of employee satisfaction on organizational culture.

<b>Employee satisfaction on organizational culture</b>	Mean	Std. Deviation	Ranking
<b>Involvement</b>	3.58	0.92	1
<b>Customer focus</b>	3.45	0.92	5
<b>Coordination and integration</b>	3.54	0.91	2
<b>Communication</b>	3.48	0.89	4
<b>Learning</b>	3.50	0.91	3
Total	3.51	0.91	Satisfaction

Table 3 revealed that employees in the Bank were moderately satisfied with the organizational culture, with a mean score of 3.51. The area of involvement had the highest mean score of 3.58, and then the second mean score of 3.54 came from the area of coordination and integration. The area of learning was ranked 3rd with the mean score of 3.50. The area of communication with the mean score of 3.48 and the area of customer focus with the mean score of 3.45 were ranked as 4th and 5th, although these differences were small and were not tested for statistical significance.

The study found that moderate satisfaction was perceived among employees in the ABC in Tengzhou city. Participative leadership was more welcomed in the Bank and employees ranked the involvement factor of the organizational culture slightly higher than other aspects of the organizational culture.

## Discussion

A moderate level of satisfaction was perceived among employees of the Bank. Research reviewed above demonstrated that customer satisfaction is related to employee satisfaction. Employee satisfaction can affect a company's harmonious working environment, it is related to the individual and organizational performance, and finally it will affect the profits. Customers perceive the positive energy and the willingness of satisfied employees to provide higher quality services. In turn, they become more satisfied and loyal to the company. The key variables that link customer to employee satisfaction are trust and employee attitude. The service attitude of the employees, such as willingness to respond, being courteous and friendly is part of a customer's perception of the quality of the service, which directly translates into customer satisfaction. Employee service attitude has been found to be linked to job satisfaction (Xu & Geodegebuure, 2005).

### Implications and Conclusions

This study dealt with the issue of employee satisfaction. From the findings, in the future management for the Bank, the Bank should give enough feedback on employee performance, so as to help employees improve what they are not doing well. The Bank should give some relevant rewards for employees' great achievements. Employees should be invited to participate in the meetings to discuss the development plans and decision-making. The Bank should set up more effective communication channels, so that the information could be shared and delivered quickly in the Bank. There is a need to increase communications among managers and subordinates in different work departments and different position levels of employees. For the supervisors in the Bank, they should invite employees to participate in more activities in the Bank and they should not put too much pressure on employee performance.

### Limitations of the Study

This study used only questionnaires to gather all the data from the participants and the author sent the E-mails to the managers to ask for their help to deliver all the questionnaires to the employees. The author was not very clear how the managers delivered the questionnaires and how the employees answered the questionnaires. So as to save the face the ABC or to keep managers happy, the answers might not have been honest. Another limitation was that for the study of employee satisfaction, more methods for collecting data should be used, such as face-to-face interviews, so as to make the results more reliable. The questionnaire was translated from English into Chinese; it might also affect the findings as a result of the different language and culture.

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