Well-being and Management of Employee Incentives

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Abstract

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The paper discusses the mechanisms that affect the increasing of subjective well-being and the loyalty of the staff to enhance the quality of planning and bank employee productivity. For this purpose, a comparative study of two large banks was conducted on the basis of content analysis. It revealed poor attitude of the customers of one of the bank (that was surveyed) to the quality of banking services due to low staff loyalty. The methodical approach, encouraging loyalty and increasing the effectiveness of the activities of the bank employees, was proposed. The studies were conducted among employees of one of the higher educational establishments of Tomsk, personnel of which use the services of the bank widely. This research defined the dependence between the proportion of the staff who are loyal to different products of one of the analyzed banks, and the data on their average age, gender, as well as the average level of qualification. The article presents one of the mathematical models that reflects this dependence. It allowed us to make the forecast calculations. During the study some other mathematical models were built up. These models reflect the dependence of the university staff's loyalty to the banking products on a number of parameters. The results of these calculations will provide the development reasonable bank plans for selling products and services, and to improve the system of motivation of the bank employees. This will lead to the growth of subjective perceived well-being level. It will also cause the increasing of work effectiveness.

1.   Introduction

In the contemporary economic studies of well-being the rejection of objectivist approach expressed in the thesis "to be unfortunate - to have a low material standard of living" is observed (B. Headey, 1991). The importance of this phenomenon from the position of the subject (his opinions, values and attitudes) is increasingly recognized. " People are the best judges of their own well-being - E. Diener notes, - and therefore subjective measurements appear to be more suitable for this purpose» (Diener, & Biswas-Diener, 2002).

Some authors believe that the level of subjective well-being and life satisfaction is defined by the ratio between positive and negative emotions experienced by the individual (Bradburn , 1969) Others argue that a high level of subjective well-being is not defined by emotional factors, but the presence of purpose and a sense of meaningfulness of life (Kaprara, 2003, Kaz, 2009).

Russian researchers (L. Alexandrova, & A. Lebedev, & D. Leontiev, 2011) tried to combine both approaches, fairly noting that "the considering concepts overlap largely in the content and they are often used as synonyms". They proposed "integrated empirical model of happiness, quality of life and well-being", which means the complete satisfaction of basic needs allows a person to achieve "happiness - minimum," and only the presence of personally-meaningful goals - to achieve "happiness - maximum."

Several studies have shown a close link between well-being and the quality of life (Poiesz, & Grumbkow, 1988). B. Strampel also drew attention to the link between well-being and equitable distribution of income (Uglanova, 2003). Finally, T. Poiesz and J. Grumbkow indicate a significant correlation between well-being and job satisfaction (Strümpel, 1974).

In studies, exploring the working life, it was found that the quality of employee's working life through the mechanism of staff loyalty affects customer satisfaction (Tret'jak, 2005).

Finally, another group of researchers found that the quality of life and job satisfaction were important factors of working life's quality, which R. Katzell, D. Yankelovich defined as the harmonious combination of work and personal life of an employee as a part of his subjective system of values (Katzell, & Yankelovich, 1975).

According to the results of analysis, setting meaningful goals has an important positive impact both on the perceived level the employee's subjective well-being and on his loyalty (Virga, & Macsinga, 2014). Therefore, it influences on the activity effectiveness.

Research problem area

The comparative study of Tomsk branches of two large Russian banks (hereinafter Bank "C" and Bank «D») was conducted. It revealed the problem of low service quality in one of them (Bank "C").

Studying of the information of the Internet forums where participants (consumers of banking services) discuss various aspects of the bank activities,

(http://www.banki.ru/services/responses/;

http://www.sravni.ru/bank/;

http://lf.rbc.ru/reviews/532/;

http://kudavlozitdengi.adne.info/;

http:// bank.ru/opinion/;

http://banki.tomsk.ru/),

 we could find out the following:

1. the difference of negative opinions on the quality of banking products for both banks is not essential (the share of such opinions related to Bank "C" and Bank «D» is at 52.94% and 47.06% respectively) (Figure 1).
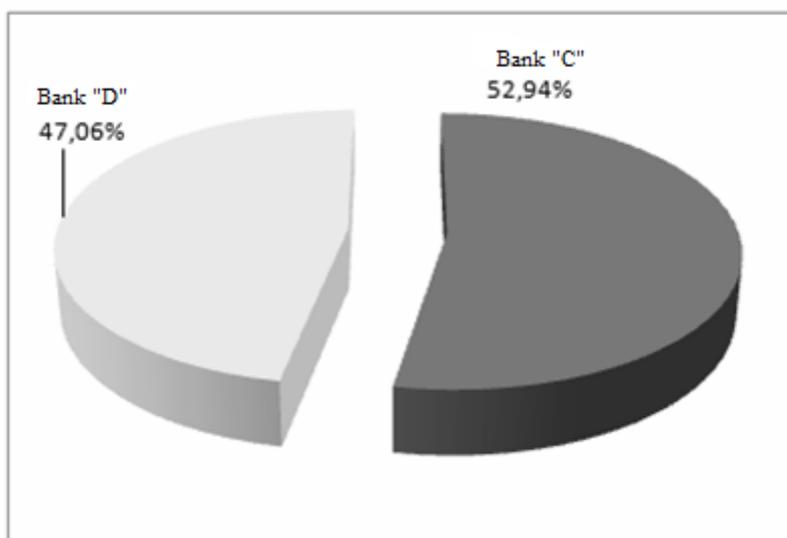
Fig. 1. The quality of banking products (the proportion of negative opinions)

However, the number of positive opinions in regard to the quality of banking services provided by Bank «D» (76,2%) is much higher than by Bank "C" (23.8%) (Figure 2).
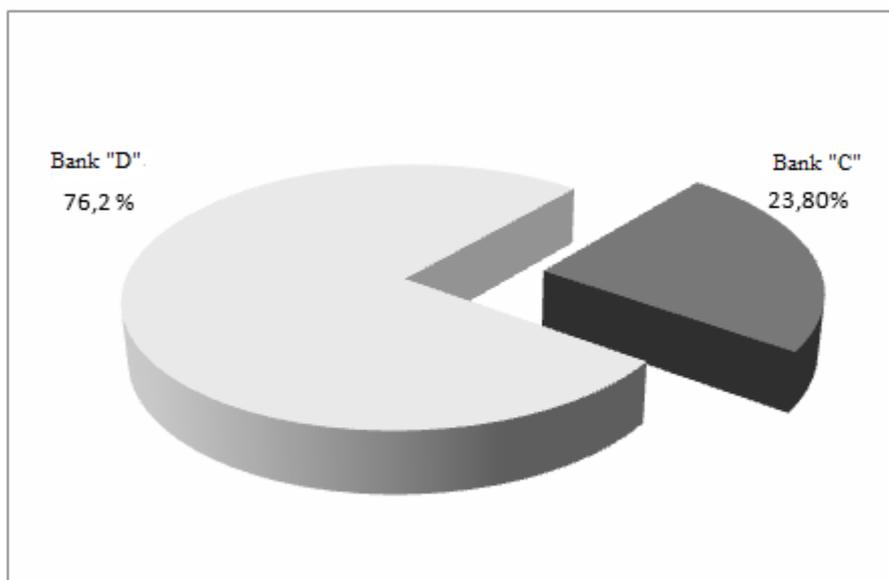

Fig. 2. The quality of banking services (the proportion of positive opinions)

As for the quality of bank staff, the proportion of negative opinions of customers in regard to the employees of Bank "C" (70, 83%) is about three times as higher as to the employees of Bank «D» (29, 17%) (Figure 3).
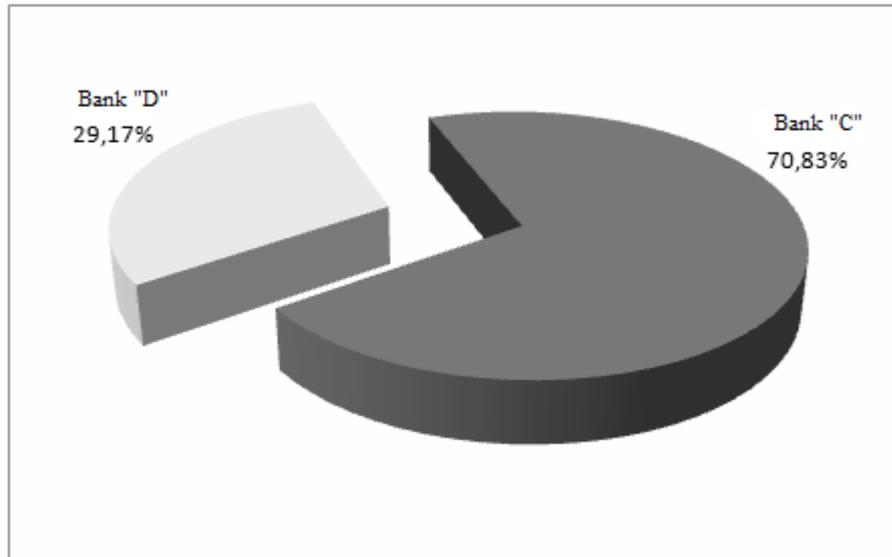
Fig. 3. The quality of bank staff (the proportion of negative opinions)

The analysis show that revealed unsatisfactory situation in regard to Bank "C" caused due to the problem of staff loyalty (Solovejchik, 2010, Garmaeva, 2002, Karnackaja, 2013).

The traditional area of research covered by the concept of "loyalty" is marketing. There are two approaches to the definition of loyalty in the literature on marketing (Olliv'e, 2010, Bedrikova, & Korokoshko, 2012). The researchers (J. Lambe, L. Percy) supporting to the first approach consider loyalty to be certain type of consumer behaviour, providing long interaction with the company and doing repetitive purchases. The proponents of this approach offer some simple ways to assess loyalty, but they find it difficult to define the reasons why a consumer makes a choice in favor of one or another service provider.

According to the second approach (F. Kotler, J. Bloemer, R. Hallowell), loyalty is defined as the preference of consumers, formed as a result of generalization of feelings, emotions and opinions about services or companies (Bedrikova, & Korokoshko, 2012, Gilley, & Eggland, 2002).

The following facts and figures confirm the important role that the factor of loyalty influences on consumer behavior, which is often mentioned in the literature on marketing (Asubonteng, & McCleary, 2011, Avkiran, 2013):

- 20% of loyal customers generate 80% of the profit;

- loyal customers buy some products or services by the coefficient of five to one;

- increasing the percentage of customer retention by 5% leads to increasing the profit by 50-100%;

- the expenses on attracting a new customer are four times as big as on retaining an existing;

- 50% of customers are not profitable because of their dissatisfaction with the company (the main reason is inefficient interaction between the company and its potential clients);

- a satisfied customer tells 5 of his friends on average about successful purchase and an unsatisfied one informs ten more people at least;

- most customers are paid off only in a year of working with them (it means, if a company loses a client, it loses its profit).

The impressive results of using some tools (that could increase staff loyalty to the customer (Bahia, & Nantel, 2013) allow us to raise the question of advisability to use some potential social and psychological factors, such as feelings, emotions and opinions, to enhance the effectiveness of the company's personnel (Dolzhenko, 2011,

Cacioppe, 2000, Nevskaja, 2012).

The methodical approach proposed by us increases the loyalty of bank staff and it is based on:

- designing the model, that allows making accurate predictions of customer needs in various kinds of banking services and products

- using calculated predictive indicators as planned for the organization bank staff's labor motivation, depending on the extent of their realization.

The studies were conducted among employees of one of the higher educational establishments of Tomsk (it is located near the office of Bank «C»), the personnel of which use the services of the bank widely. This research defined the dependence between the proportion of the staff who are loyal to different products of one of the analyzed banks, and the data on their average age, gender, as well as the average level of qualification.

The applied Statistica 6.0 programme for data processing enabled to calculate the parameters of multiple regression (Fig. 4), and to present these correlations in the form of a series of mathematical models. One of them is presented below (1) and reflects the dependence of number of people are interested in borrowing from the bank on a variety of parameters.

Regression Summary for Dependent Variable			
Beta	Std.Err. of Beta	B	Std.Err. of B
Intercept			0,202203	0,649748
the average age of the respondents	-0,214287	0,567395	-0,006498	0,017205
the average level of qualification.	0,276454	0,571815	0,018028	0,037289
gender	0,389181	0,390382	0,420392	0,421689

Fig. 4. The results of calculations of the coefficients of multiple regression

$$У=0,202203-0,006498X_1+0,018028X_2+0,420392X_3, \qquad (1)$$

Y - the proportion of those who wish to borrow (credit cards and consumer loans);

X1 - the average age of employees of the university;

X2 - their average qualifications;

X3-share of women in the staff.

The indicator R^2 (R Square) allows us to estimate what proportion of the total variation in the dependent variable is explained by the independent analyzed variables (age, qualification and gender). The value for the model is 0.84.

This coefficient may range from 0 to 1. It is recognized that the constructed mathematical model explains the collected data well, if its value is not less than 0.5. Our value of the index R^2 indicates that such factors as gender, qualification and age can explain the behavior of the parameter "percentage of those who wish to borrow" at the level of 84%. It is close to 100%, it means that the quality of the constructed model is good.

The conducted predictive calculations show that the proportion of employees of the studied university the number of people, intending to borrow from the bank next year is 9%. According to the data of the personnel department of this institution (at the time of the predictive calculations), the number of employees was 4403 person, while the number of university employees who were loyal to the product is 396 people (Table. 1).

Table 1. The results of predictive calculations in the studied university

The parameters	B-Weight	Value	B-Weight
The average age of respondents	- 0.006300	47.84000	-0.30141
The average qualification of the respondents	0.017420	9.57000	0.16671
The proportion of women among the respondents	0.426069	0.06160	0.02625
Predicted			0.09001

The market capacity some other products of the bank (deposits; mortgage payment; money transfers and others) of this university was estimated similarly.

Conclusion

The proposed approach will provide the development reasonable plans of Bank "C" for selling products and services, and to improve the system of motivation of the bank employees. This will lead to the growth of subjective perceived well-being level. It will also cause the increasing of work effectiveness.

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