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BRIEF EVALUATION OF A BANK BRUNCH: CAN SIMPLE RECOMMENDATIONS IMPROVE THE WORK OF ORGANIZATIONS?

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Abstract

This paper is a summary of a brief organizational study of a bank branch. One of the authors has worked for the branch, and is a graduate student at the university. Taking an advanced organizational course directed by Dr. Ivanov, the student and colleague-professors evaluated the organization and work environment of this comparatively small department based on the management theories of Drs. Elliott Jaques and W. Edwards

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Deming. The authors discuss key findings, and offer simple recommendations that could improve all organizations worldwide should their leaders be interested in transforming the work and organization.

Key Words: Organizational Science, Deming, Jaques, Organizational Theory, Work

Introduction

This paper is a case study of the work of one of the branches of a major U.S. bank. The authors, in addition to applying one of the author's work experience in a particular bank branch, apply two organizational theories to evaluate the working of the branch. One of the theories was originally developed by Elliott Jaques (1990, 1992, 1996, 1998, 2002), and the other by W. Edwards Deming (1992, 1993, 1994).

Applying Ideas of Elliott Jaques

Organizational Structure

The branch has a well-defined hierarchical organizational structure, as follows:
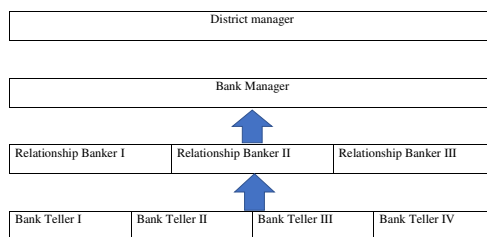
There are four bank tellers, which include the head teller, three relationship bankers, and the manager. In total, there are eight employees in the branch, but depending on the days, it could be less.

Staff members are employed in roles and the tasks come from the managers with clear deadlines, as described by Jaques (1996, 2002), Ivanov (2011, 2012, 2013, 2014, 2015, 2017, 2019), Kraines (2001), Lee (2008), Clement (2008, 2013, 2015), and others.

The tellers are in charge of promoting and selling old and new financial products to the customers who have not had them before. The deadlines of their tasks are usually a day, which makes their roles stratum-1 level according to the Jaques Organizational Theory.

The tellers are required to have three to five referrals daily. The head teller is in charge of the tellers. He/she supervises the tellers, their interactions with customers, handles the money in the vault, and gives it to the teller who needs more money in the drawer or takes from the teller who has too much money in the drawer.
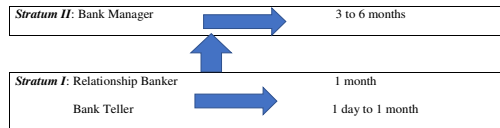
The relationship banker oversees taking and closing the referrals from the tellers by having the customer sign off on the products. This task usually takes a few minutes, but overall, they have goals with deadlines up to a month, such as closing mortgage and/or applications loans.

The manager assigns the goals in the beginning of the month to each em-

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ployee and oversees the daily activities in the branch. He then reports to the district managers. The manager's longest task could be three to six months, making the role stratum-2 level, according to the Jaques Organizational Theory.

Strata / Levels of Work

Based on each employee's tasks in the branch, we derived the timespans of roles (a Jaques measure of the complexity of work in the role), and refined the organizational work structure further, as follows:

Stratum II: Bank Manager	3 to 6 months
Stratum I: Relationship Banker	1 month
Bank Teller	1 day to 1 month

The tellers and the relationship bankers work in the same stratum, which is stratum-1 level, with longest tasks not exceeding one month. The manager is in stratum-2, with the longest tasks of up to six months.

Management Accountability

Management accountability is not a practice used in the branch. According to Jaques, the manager should be accountable not only for overseeing subordinates, but also for their results (1990, 1992, 1996, 1998, 2002). In this branch (and we believe this applies to all bank's branches, as well as comparable organizations), the manager blames employees for mistakes, and writes them up in a report after their one-on-one required meetings with the employees, who must explain how he or she made the mistake,

and promise to avoid this mistake in the future. There is no management accountability in this branch, or any other.

Applying Ideas of W. Edwards Deming

Deming (1992, 1993, 1994) differentiates wrong practices from useful that help organizations achieve their missions. We evaluate the branch, applying some of his ideas and management practices.

Short-Term Thinking

The branch (and the bank) operates based on short-term thinking. Because the branch is focused on sales now, the emphasis is on immediate results. It is all about making the quarter look good in term of sales and customer services. This means that employees will do whatever is necessary to reach the goals set even if they have to bend the rules to do it. Rules are not followed; customers are not getting the honest service they deserve, and overall, this creates extra pressure on the employees to deliver today, cutting corners, and hampering the organization's future.

Merit System

Employees are being surveyed by customers on their customer service, which is a big part on how the branch is rated at the end of each quarter. Internal competition is the practice that is encouraged and is the organization's policy.

This policy consists of a merit system. Tellers are ranked based on the number of referrals they bring in every

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month, and relationship bankers are ranked based on how many referrals they have closed. Of course, based on this ranking, the top tellers and relationship bankers are being rewarded while the others are reprimanded.

Every month, there is a list at every branch that shows each employee's ranking in the entire district, and the employee at the top of the list by the end of the month gets rewarded. According to Deming (1992, 1993, 1994), these practices are cut-throat – pitting employees against each other, and overall, damaging good working relationships, the organization, and jeopardizing its future.

Incentive Pay

Incentive pay is a common practice in today's organizations. At the end of every quarter, if the branch has reached its goals in customer service percentage and referrals, all employees receive an incentive, but not everyone gets the same amount. Numerical goals/quotas are set in the branch, and is another daily practice. In fact, every morning, numerical goals are given to tellers and bankers. This is a practice Deming thinks should be abolished for organizations to do well (1992, 1993, 1994). A better practice would be to work on a method for a systemic organizational improvement.

Recommendations

Based on this brief organizational study and evaluation, the authors have developed the following simple recommendations to improve the organization. The authors also believe that these rec-

ommendations would apply to any organization anywhere in the world.

Rethink Management Philosophy

The bank should reevaluate its management philosophy and apply some ideas developed by Jaques, Deming, Ivanov, Clement, Lee, and other thinkers. These ideas would allow rethinking the work and work structure within the branch, as well as within the bank, ensuring the future (Ivanov, 2011).

When managing the branch as a system (Deming, 1992, 1993, 1993), (Jaques, 1990, 1992, 1996, 1998, 2002), the organization will have a growing future. The organization should focus on long-term thinking, and reduce immediate-now self-defeating quotas.

Employees would be able to put in their best work, and better results will thrive along. New management philosophy would also improve the level of employees' and customers' satisfaction, further positioning the organization for growth.

Eliminate Performance Evaluations

Performance evaluation is a practice that puts a lot of pressure on employees. Employees do not learn from their mistakes if a particular behavior is discussed a year later, at the end of the year.

Performance evaluation practice should be removed from the organization altogether, and replaced by effective leadership (Deming, 1992, 1993, 1994), (Ivanov, 2017). Ivanov, occasionally,

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jokes that if performance evaluation had been a useful practice, obviously, the dating lovers, tribes, and certainly families, would have used this method for a long time (2017, 2018, 2019).

Abolish Ranking System

The practice of merit system and ranking must be removed (Deming, 1992, 1993, 1994). The ranking system brings more negativity than positivity. It creates self-destructive competition. The aim of people working under this system is only to please the boss, which is not good for morale and quality, firmly establishing *feararchy* (Ivanov, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019).

In this system, employees are set up to cut corners and oversell to customers who do not need the services. Recent Wells Fargo scandals pointedly illustrate such damaging practices.

The ranking system, a policy that afflicts many organizations, affects customer services and creates stress. It impacts employees' wholesomeness and happiness, making many not want to come to work at all. Overall, this practice generates an unhealthy work environment for employees, customers, and the organization. Everyone loses, sending the organization on a path to *Abilene* (Harvey, 1988).

Eliminate Incentive Pay

Incentive pay is falsely believed to motivate employees to work harder, but instead, it is a masqueraded practice to encourage short-term jerks, diminishing

the human being. Deming believes that everyone should be given a chance to take pride in his or her work (1992, 1993, 1994). Jaques further develops this idea to replace incentive-based pay with *Fair Pay*, to compensate people for the level of work they are doing in the organization (1960, 1990, 1992, 1996, 2002). Ivanov (2006, 2011, 2015) has verified the accuracy of Jaques' findings of the concept of Fair Pay.

Implement Fair Pay

All employees are entitled to be paid fairly for the work they are doing in the organization (Jaques, 1992). Ivanov's studies show that people know the fair pay range in their working roles, finding empirical support to Jaques' theory (Ivanov, 2006, 2011, 2015). These pay ranges depend on the complexity of work in the role, based on the stratum or level of work in the role (Ivanov, 2006, 2011, 2015), Clement (2013, 2015).

Create Collaboration

Organizations should promote collaboration rather than competition. Competition brings the worst in people, especially when they are competing for survival, pay, benefits, positions, etc.

Furthermore, no matter how much one claims to know, she or he could always learn from someone else, improving work satisfaction, the work, and organization in the process. Deming (1992, 1993, 1994), and Jaques (1990, 1992, 1996, 1998, 2002) pointedly describe the organizational policies necessary for collaboration (and organization's future).

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Ivanov further extends these ideas (2011, 2015, 2017, 2018, 2019).

Conclusion

Jaques, Deming, and others spent years developing innovative and simple-applicable organizational practices that could improve any organization. Clearly, as found by this study, as well as other studies conducted by Ivanov (2006, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019), this organization is not using any of the management ideas developed over fifty-years of work.

Instead, the organization focuses short-term, promotes competition, and individual competitive work rankings. These types of organizational practices create problems in the long-term. The management ideas developed by Deming and Jaques promote teamwork, focus on

process and organizational improvement rather than the results-now framework.

These current organizational practices highlighted in this study could be improved, and fairly easily, contributing to the organization and employee satisfaction. Instead, employees, especially at the lower levels, tend to quit often. Banks at this level are also always hiring because the work environment is toxic, and people normally do not last there for more than a year.

The bank should strive to be a better organization, in which employees are valued and be comfortable where they work (Ivanov, 2015). Something should be changed for the better, and the recommendations mentioned in this paper, could provide an initial start point to better the organization, improve employee satisfaction, and focus on the organization's future.

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