CRITICAL FACTORS AFFECTING PERFORMANCE OF CUSTOMER SERVICE STAFF - THE CASE OF VP BANK VIETNAM

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Abstract:

Internationalization in society and economy has raised promptly the competition in many sectors of economy including banking. This study develops the model to access main factors affecting performance of customer service staff. The main factors include job motivation, leadership, organizational structure, organizational culture, training, technology.

The investigation on data collected from 224 customer service staffs of VPBank shows that job motivation, organizational culture, training, technology have positive relationship with the performance of customer service staffs meanwhile there is not enough evidence to prove the impact of leadership and organizational structure. The results are appropriate to the previous researches and characteristics of customer service staff (front-line staffs).

The paper propose some suggestion aiming to improvement of performance of customer service staffs in banking including creating job motivation, good working environment, appropriate training programs and advance technologies.

Keywords: bank, performance, customer service staff.

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1. Introduction

Banking, considered as mirror of economic growth, can contribute to economic development in at least two ways: directly, by increasing balance sheet items, and indirectly, through financing. In the global economy, the growing importance of banks is obvious, given that in a context of accelerating the development of information systems and communications (Imola Drigă, 2013).

Banking system in Viet Nam is restructured by many reforms, including opening to foreign investment, privatization…to strengthen the capitalization of Vietnamese banks. There are currently 43 commercial banks operating in Vietnam with collective assets of approximately $330 billion. The Vietnamese banking industry comprises a diverse mix of players, ranging from relatively large state-owed commercial banks down to very small privately held banks. The total collective capital of all commercial banks in Viet Nam is approximately $26 billion.

Recently, many banks in Viet Nam, especially larger joint stock banks, have started to increase their focus on with a diversified product mix being offered to the market via various channels, including mobile banking

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and internet banking. A number of large banks have been focusing more on enhancement the quality of their customer service, risk management, technology and talent development. By doing that, Vietnamese banks are arming to properly tap into the market opportunities and firmly establish a stronger position against more aggressive competition coming from the region in the future (Hoang, 2016).

In order to control the quality of customer service, the banks apply non-finance indicators, KPIs (Key Performance Indicators), to assess the performance of front line staffs, the first touch point to customer. This bring about many challenges and pressures to customer service staffs due to higher requirements of knowledge, skills, speed, accuracy, service attitude and plenty of other requests from both customers and managers. They not only need to provide the best service quality to customers, but they also guarantee the risk control and legal compliance in all transactions at Counters. Therefore, understanding the critical factors affecting performance of customer service staffs is sufficiently necessary in order to build up appropriate training and treatment policies which help creating the amicable and flexible working environment and thus improving the performance of each employee as well.

Vietnam Prosperity Joint-Stock Commercial Bank (formerly known as Vietnam Joint-Stock Commercial Bank for Private Enterprises) was established on August 12th 1993. In 24 years of operations, VP Bank has increased its charter capital to VND10,765 billion, expanded the number of transaction points to over 215, and grown its workforce to more than 18,000 employees. The goals of VP Bank are becoming one of the 5 leading joint-stock commercial banks and of the 3 leading retail joint-stock commercial banks in Vietnam by 2017.

In this paper, the framework to explore the critical factors affecting the performance of customer service staffs is built up and a practical investigation based on that is carried out with the sample of 224 customer service staffs of VP Bank.

2. Literature Review

2.1. Performance management

Performance management is "a continuous process of identifying, measuring and developing performance in organizations by linking each individual's performance and objectives to organization's overall mission and goals" (Aguinis, 2009). It is a mean of getting better results of organizations, teams and individuals by understanding and managing performance within agreed framework of goals, standards and competence requirements (Armstrong, 2006). The effective performance management can create the strong motivation for each employee not only to devote their best effort for organization, but also to improve their own skills and knowledge. Its key purpose is to focus people doing the right things by achieving goal clarity.(Armstrong, 2006).

Boyatzi (1982) had set up "the job performance model: the competent manager" in which the effective performance occurs when all three of the critical components of the model are consistent, or "fit". If any one or two of these components are inconsistent and do not correspond with each other, then it is expected that ineffective behavior or inaction will result.

The study of F. A. K. Raja Abdul Ghafoor Khan & Muhammad Aslam Khan (2011) showed that employees are the key elements of the firms and their success and failure based on their performance, if there is a proper planning for making the training procedures,

then it will be fruitful for both employees and organization.

2.2. Factors affecting performance of employees

2.2.1. Job motivation

Motivation is an important function to encourage the talent workers performing better and doing extra for organization, is one of the most that organizations need to focus on in order to gain success and competitive advantage (Al-Rfou & Trawneh, 2009). Bartol & Martin (1998) considers that motivation is an internal drive to satisfy the unsatisfied need and to achieve the certain goals. It is also a procedure that begins through physiological or psychological need that stimulates performance set by an objective. Getting the employees to reach the full potential at work under stressful conditions is a tough challenge, but this can be achieved by motivating them (Dobre, 2013). According to (Lindner, 1998), job motivation are influenced by some main following factors including job security, supportive inspiration, employee loyalty, interesting work, good wages, promotions and growth, recognition.

2.2.2. Leadership

Leadership is a process by which a person influences others to accomplish an objective and directs the organization in a way that make it more cohesive and coherent (Jain, 2013). Schein (2010) mentioned that Leadership as a distributed function is gaining ground which lead to the possibility that anyone facilitates progress toward some desired outcomes is displaying leadership. Leadership is involved with the construction of a public self, which includes a public face. The exposure of that face to a group of people is a form on an exhibition. This public exhibition moves into performance when it is employed as a mean to persuade others of the value of the belief and/or directed toward some kind of goal (English, 2007). Leadership impacts on employees' performance through coaching, empowerment, feedback which make people recognize their potential (Whitmore, 2010), involved in broader set of duties (Parker, 1998), less ineffective behaviours.

2.2.3. Organizational culture

The organizational culture forms a significant determinant of human behavior of organization. Its connects the objective aspect of organization, such as, technology, leadership, etc. with the motivation and trusting/distrusting, stressful or highly stressful (Dwivedi, 1995). Culture is the social glue that helps hold the organization together by providing appropriate standards for what employees should say and do. Thus, culture serves as a sense-making and control mechanism that guides and shapes the attitudes and behavior of organization members.

2.2.4. Organizational structure

Organizational structure can be defined as the arrangement and interrelationship of the component parts and positions of a company. An organization's structure means the pattern or network of relationship between the various positions and the position holders. An organization's structure specified its divisions and work activities and show how different functions or activities are linked. To some extend, it also shows the level of specialization. It also indicates the organization hierarchy and authority's structure and shows the report relationship. Flexible organizational structure might result in better performance of employees. (Dwivedi, 1995)

2.2.5. Training

Training has distinct role in achievement of organizational goals. Training is the important factor in the business world because training

increases the efficiency and effectiveness of both employees and organization (F. A. K. Raja Abdul Ghafoor Khan & Muhammad Aslam Khan, 2011). Effective training and development programs aim to improve the employee's performance. Training prefers to bridge the gap between the current performance and the standard desired performance. Training could be given through different methods such as on the coaching and mentoring, peer cooperation and participation by the subordinates. This teamwork enable employees to actively participate on the job and produces better performance, hence improving organizational performance (Elnaga & Imran, 2013).

Training not only develops capabilities of employee but sharpen their thinking ability and creativity in order to take better decision in time and in more productive manner. Moreover, it also enables employees to deal with the customers in an effective way and respond to customer's complaints timely (Hollenbeck & Hall, 2004).

2.2.6. Technology

Service managers also must recognize that the decision to adopt technology is often driven by the need not only to increase the productivity but also to improve existing performance of their organization. Often, however, with the proper technology, both performance and productivity can be improved, creating a win-win situation for the firm. Muhammad Imran (2014) figured out that the technological advancement has significant impact on employee performance.

3. Methodology

3.1. Conceptual Framework

Based on the previous study and the characteristics of front-line jobs in banking, the study develops the framework that conceptualizes the critical factors affecting the performance of customer service staffs as the following figure:

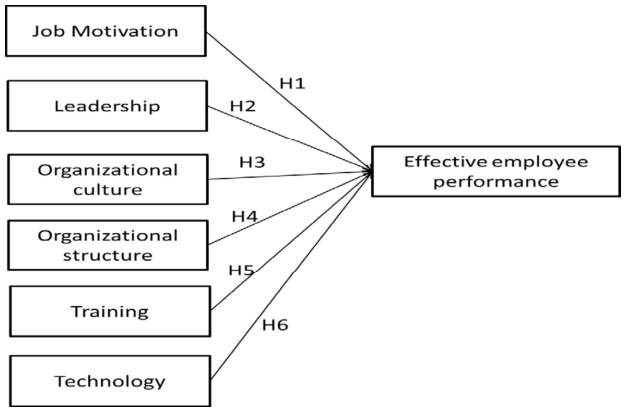

Figure 1: Conceptual Model

As mentioned above, the performance of employees is proposed to be dependent on 6 factors including job motivation, leadership, organizational culture, organizational structure, training, technology. The hypotheses are given as follows:

H1: T*he job motivation has positive impact to the effective employee performance*

H2: The leadership has positive impact to the effective employee performance

H3: The organizational culture has positive impact to the effective employee performance.

H4: The organizational structure has positive impact to the effective employee performance.

H5: The training has positive impact to the effective employee performance.

H6: The technology has positive impact to effective employee performance.

3.2. Compiling the questionnaire and sampling selection

To carry out the measurements of the impact of factors on employees' performance, this study develop a data collection questionnaire based on the above literature review and conceptual model. Questionnaire is presented

in Vietnamese and composed of following sections:

Section 1: Job Motivation: From Question 1 to Question 7

Section 2: Leadership: From Question 8 to Question 11

Section 3: Organizational culture: Question 12 to Question 13

Section 4: Organizational structure: Question 14 to Question 15

Section 5: Training: Question 16 to Question 18

Section 6: Technology: Question 19 to Question 21

5- points Likert scale are used, in detail of agreement level: 1- Totally disagree; 2- Disagree; 3 - Normal/Neutral; 4 - Agree; 5 - Totally agree. This Likert also is used most popularly in many researches because the surveyors can get the ideas of researchers more quickly and accurately to answer.

The measures of performance are KPIs which including 5 indicators which are productivity, quality, SLA score, mistake, knowledge and skills.

The questionnaire then was delivered to pilot sample of 10 surveyors to examine the understanding about the questions. The questions are evaluated clear contents to give out the answers. In order to investigate the impacts of factors, this research aimed at 224 customer service staffs from 5 regions.

4. Findings

4.1. Characteristics of respondents

The Table 4.1 shows that almost respondents are female with 98.3 %. This also is typical characteristic of customer service staffs in banking because the frontline serves customers at branch counters daily. The first priority of customer service staffs is to provide the best service quality for customer, so this job is the more suitable to female.

The working experience in VPBank and respondent's age has strong correlation: 66.53 % surveyed people have more than 05 experience years in VPBank. They go through the period of the biggest transform of VPBank, so their answers reflect the exact current stage of employee performance an their expectation as well.

Both customer service staffs and customer service managers are under half-yearly performance evaluation; therefore, they understand clearly all the factors impact to their performance. 45.08 % and 46.89 % are respondent rate for CSR and CSM respectively.

Table 1: Description of sample

Criteria	No of response	% of response	% valid response
Gender			
Male	4	1.7 %	1.7 %
Female	220	98.3 %	98.3 %
Total	224	100 %	100 %
Age			
<= 30	70	31.25 %	31.25 %
>30 - <= 40	134	59.82 %	59.82 %
>40 - <= 50	18	8.03 %	8.03 %
>50	2	0.9 %	0.9 %
Total	224	100 %	100 %
Work experience			
<= 1 year	14	6.25 %	6.25 %
>1 - <= 3 years	32	14.28 %	14.28 %
>3 - <= 5 years	29	12.94 %	12.94 %
>5 years	149	66.53 %	66.53 %
Total	224	100 %	100 %
Job title			
CSR	101	45.08 %	45.08 %
Controller	18	8.03 %	8.03 %
CSM	105	46.89 %	46.89 %
Total	224	100 %	100 %

4.2. Exploratory Factor Analysis

Factors analysis assumes that the observed variables are linear combinations of some underlying (hypothetical or unobservable) factors. Some of these factors are assumed to be common to two or more variables and some are assumed to be unique to each variable. The unique factors are the assumed to be orthogonal to each other. Hence, the unique factors do not contribute to the covariation between variables. The linear systems in factor analysis are such that the user can identify the resulting convariance structure without error if the underlying factor loadings are known. Exploratory Factor Analysis (EFA) was used to select the proper variables for framework testing. Firstly, the KMO (Kaiser-Meyer-Olkin) testing is used to tell one whether or not enough items are predicted by each factor. The KMO measure should be greater tha 0.7 and is inadequate if less than 0.5.

In order to determine the number of variables which is the best to explain framework, the total variance explained for independent variables have been run for 3 times and the result of the third are presented in Table

Table 2: KMO and Bartlett's Test for independent variables (the 3rd time)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.823
Bartlett's Test of Sphericity	Approx. Chi-Square	1874.743
	Df	91
	Sig.	.000

The KMO results (0.823) an the Bartlett's Test (0.000) are good for model testing

Table 3: Total Variance Explained for independent variables (the 3rd time)

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.426	38.759	38.759	5.426	38.759	38.759	3.301	23.577	23.577
2	2.562	18.299	57.059	2.562	18.299	57.059	2.366	16.90	
3	1.240	8.859	65.918	1.240	8.859	65.918	2.330	16.645	57.122
4	1.041	7.435	73.353	1.041	7.435	73.353	2.272	16.230	73
5	.886	6.331	79.684						
6	.550	3.929	83.613						
7	.440	3.142	86.756						
8	.416	2.973	89.728						
9	.372	2.659	92.388						
10	.332	2.375	94.762						
11	.251	1.793	96.555						
12	.217	1.553	98.109						
13	.162	1.154	99.263						
14	.103	.737	100.000						

Extraction Method: Principal Component Analysis.

Table 4: Rotated Component Matrix(a) for independent variables (The 3rd time)

	Component			
	1	2	3	4
Mov1	.685	-.107	.324	-.026
Mov2	.763	.073	.289	-.043
Mov5	.832	.221	-.123	.200
Mov6	.805	.236	-.174	.312
Mov7	.829	.217	-.138	.242
Led4	.312	.169	.178	.653
Cul1	.111	.190	.273	.795
Cul2	.074	.083	.171	.834
Train1	.081	.337	.757	.215
Train2	-.069	.114	.791	.303
Train3	.102	.405	.759	.195
Tech1	.262	.807	.146	.074
Tech2	.070	.707	.270	.355
Tech3	.105	.827	.271	.107

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a Rotation converged in 8 iterations.

Table 5: The group of independent variables after testing factor analysis

Group	Code	Content
Job Motivation	Mov1	High security of work make the stronger job motivation
	Mov2	The supportiveness in organization make the stronger job motivation
	Mov5	Good wages/ salaries make the stronger job motivation
	Mov6	Promotion and growth opportunities in organization make the stronger job motivation
	Mov7	Recognition make the stronger job motivation
Organizational Culture	Led4	Strategy and vision of Managers can help achieve better employee performance
	Cul1	The core values of organization can help achieve better employee performance
	Cul2	The common norms of organization can help achieve better employees performance
Training	Train1	The high quality of training contents can help customer service officers to deliver better performance
	Train2	The regular frequency of training can help customer service officers to deliver better performance
	Train3	The high qualified of trainers can help customer service officers to deliver better performance
Technology	Tech1	The good technology can help customer service officers to deliver better performance
	Tech2	Customer service officer is provided enough knowledge and skill to take advantages of technology
	Tech3	Customer service officers is supported timely when technology have problems

The Table 4 presents that all the remaining variables after the 3rd testing are satisfied to run further analysis because the greatest values are greater than 0.5 and λs greater than 0.3. Besides, as the Table 3, this 04 group of variables are satisfied for this framework. The variable Led 4 have the similar characteristic with the variable Cul1 and Cul2. So, the variable Led4 was merged into Organizational Culture.

The remaining independent variables belong to 04 groups as below (Table 5)

4.3. Reliability Analysis

Cronbach's alpha α of all measures are greater than 0.7 which is close to one and Corrected Item-Total Correlation is greater than 0.3, which means that all are reliable (Field, 2011).

Table 6: The results of reliability test: Cronbach's Alpha

Item-Total Statistics					
	Scale Mean if Item Deleted	**Scale Variance if Item Deleted**	**Corrected Item-Total Correlation**	**Cronbach's Alpha if Item Deleted**	
***Cronbach's Alpha* = .865 *for* "Job Motivation"**					
Mov1	17.47	10.017	.485	.344	
Mov2	17.45	9.289	.611	.428	
Mov5	17.21	8.460	.789	.731	
Mov6	17.23	8.816	.780	.780	
Mov7	17.20	8.807	.791	.815	.811
***Cronbach's Alpha* = .777 *for* "Organizational Culture"**					
Led4	8.02	1.080	.544	.310	
Cul1	8.08	1.190	.700	.514	
Cul2	8.09	1.212	.620	.451	
***Cronbach's Alpha* = .866 *for* "Training"**					
Train1	7.70	1.744	.768	.609	
Train2	7.90	1.761	.694	.481	
Train3	7.71	1.730	.775	.617	
***Cronbach's Alpha* = .827 *for* "Technology"**					
Tech1	8.04	1.712	.679	.477	
Tech2	8.36	1.872	.641	.419	
Tech3	8.21	1.649	.733	.539	
***Cronbach's Alpha* = .817 *for* "Performance"**					
Per1	16.14	3.644	.551	.314	
Per2	16.00	3.511	.614	.388	
Per3	16.18	3.603	.604	.373	
Per4	16.26	3.242	.647	.434	
Per5	16.23	3.495	.627	.394	

4.5. Regression analysis

Based on EFA, the framework had been adjusted as follows:

H1: The Job Motivation has positive impact to effective employee performance

H2: The Leadership and Organizational Culture has positive impact to effective employee performance

H3: The Training has positive impact to effective employee performance

H4: The Technology has positive impact to effective employee performance

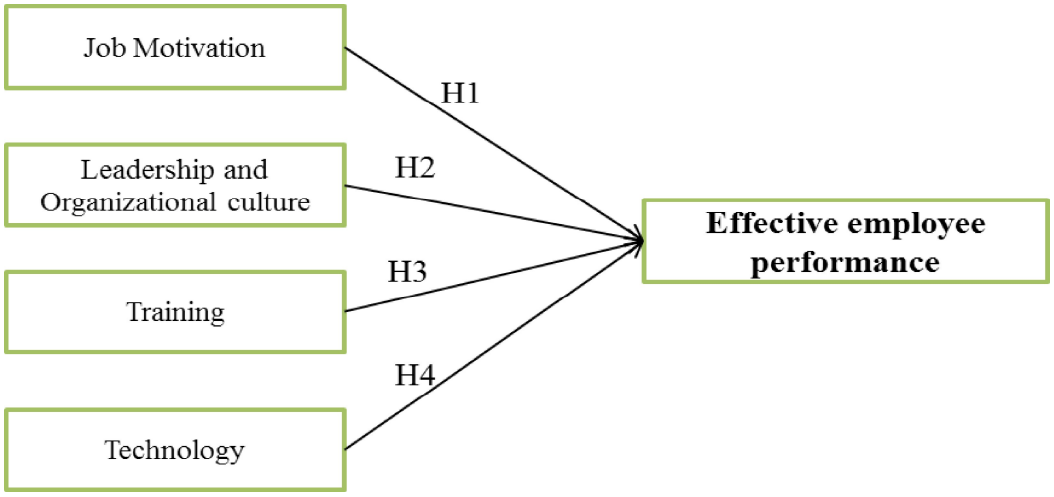

Figure 2: The adjusted framework

Regression Analysis to have some following results:

Table 7: Model Summary(b) for Regression

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.557 a)	.510	.297	.38340	.310	24.568	4	219	.000

a Predictors: (Constant), TechF, MovF, LedandCul, TrainF

b Dependent Variable: Per

Table 8: ANOVA(b) for Regression analysis

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.446	4	3.611	24.568	.000 a)
	Residual	32.192	219	.14		
	Total	46.638	223			

a Predictors: (Constant), TechF, MovF, LedandCul, TrainF

b Dependent Variable: Per

The Table 7 shows some main indicators of this model: The R value is 0.557 greater than 0.5 and R Square is 0.31 which means that the independent variables explain 51% the dependent variable. Moreover, the Sig F change is 0.000 < 0.05, so the variables in this model is significant difference to explain the framework.

The Table 8 show the Sig. value is 0.000 (a) < 0.05, it means the variables are significant difference to explain the dependent variable. Furthermore, this result also shows the collected data has meaning in homogeneous statistic and suitable with this research method.

Table 9: Coefficients(a) for Regression analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.011	.233		8.639	.000
	MovF	.115	.040	.186	2.855	.005
	LedandCul	.144	.065	.161	2.215	.028
	TrainF	.185	.049	.258	3.790	.000
	TechF	.295	.052	.408	5.717	.000

a Dependent Variable: Per

The regression results show that there are enough evidence to conclude about the positive relationship between employee's performance and job motivation, training and technology (the value of t-test is significant at 95% confidence level respectively - .005, .028, .000, .000 < .05. The positive beta values means that there are positive relationship between dependent variable and independent variables.

5. Discussion and Conclusion

Regarding to our study aim, it was confirmed that the adjusted framework to explore critical factors affecting the performance of employees is appropriate. The investigation presents the positive relationship between performance of customer service staffs and job motivation, culture, training and technology. The results reflects the previous studies including Boyatzi (1982), F. A. K. Raja Abdul Ghafoor Khan & Muhammad Aslam Khan (2011), Muhammad Imran (2014), Hollenbeck & Hall (2004), Dwivedi (1995), Dobre (2013), Lindner (1998).

The relationships between leadership and organizational structure and performance of customer service employees are not significant in this study. It might be reason that the customer service staffs (front-line staffs) are those who do not feel directly being affected by leadership and organizational structure. Therefore, the data collected do not reflect these relationships.

The results suggest that the bank should consider more about the job motivations including high security, supportiveness, salaries, promotion and regognition. Strategy and vision of manager, core values and common norms can help achieving better performance of customer service staffs' performance. The bank should remain training frequently and

emphasis on qualification of trainers as well as contents of training, which help customer service staffs delivering better performance.

Technological advance as well as technological supports play an important role in improving the performance of customer service staffs. Furthermore, the knowledge and skills of using technology also affect the performance of staffs.

The limitation of the study is that the framework had been investigated basing on data collected from customer service staffs of VPBank. This might be better if the framework are tested in the broader data community. ❑

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