THE PERFORMANCE MANAGEMENT OF CUSTOMER ORIENTATION IN BANK TREASURIES.

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Abstract:

This study attempts to establish what bank treasury dealers are measured and rewarded on in general, and more specifically whether customer orientation factors are included as criteria of measurement and reward in the performance management process. Furthermore, this study attempts to establish the level of customer orientation in bank treasuries by utilising the Narver and Slater Marketing Orientation Scale (1990) and then makes a comparison between that level and the degree to which it is managed by the performance management process in terms of both recognition and reward.

To achieve this, a study was undertaken in two commercial banks and one merchant bank with a sample size of 70. A triangulated study was undertaken with the initial qualitative phase consisting of pilot interviews with three senior treasury managers, one from each bank, as well as an independent treasury consultant. Thereafter the quantitative study was undertaken utilising questionnaires distributed to each bank.

The median, range and mean were utilised to determine whether or not customer orientation is included as a criteria of firstly, measurement and secondly reward in the performance management process. Thereafter, the ANOVA technique was used to determine the significance of the differences in the means. Sheffe's test of Multiple Pairwise Comparison of Means was then used to determine which means were different. The Spearman rank-order correlation was used to analyse the relationship between the level of customer orientation as per the Narver and Slater Market Orientation Scale (1990), against firstly what the respondents are measured on in their performance management process and secondly, what they are rewarded on.

The findings generally indicate that some (but not all) of the customer orientation factors, are included in the performance management process in South African bank treasuries to varying degrees.

DECLARATION

I declare that this research report is my own, unaided work. It is submitted in partial fulfillment of the requirements of the degree of Masters of Management in Human Resource Management, in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other university.

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CHAPTER 1:

1. INTRODUCTION

1.1 BACKGROUND AND IMPORTANCE OF THE RESEARCH:

In order to service and compete effectively in global markets, South African organisations will have to start showing far greater customer awareness and ensure that customer orientation becomes a matter of strategic importance. Based on various readings and the findings of Parasuraman, Zeithaml & Berry's SERVQUAL (1985) market research questionnaire, South African organisations place insufficient emphasis on a customer orientation. Aggravating circumstances are the possibility that customer orientation may not be included as a criteria of measurement in performance management, nor rewarded [one of the essential criteria of performance management systems (PMS)] - possibly due to the subjective, relatively intangible and qualitative nature of customer satisfaction.

The treasury banking environment has been specifically selected to establish the level of customer orientation as this is an area which traditionally has reward systems which are completely financed based and views profitability as the major criterion in terms of performance management and in determining reward. As profits are relatively easy to quantify, reward in the form of bonuses has been based on profits achieved. However, due to increased competition and with the advent or return of foreign banks to South Africa, the need to ensure that long standing and profitable relationships are developed and maintained has been highlighted. With limited scope for competing on price, banks dealing in foreign exchange (forex), money capital and equity markets need to shift their focus to improving customer service. Forex, money capital and equity markets are functions usually found in most bank treasuries. Dealers in the various markets, backed up by an appropriate administrative function, form the key staff responsible for this function. The demands of investors and companies have become more sophisticated due to the globalisation of investment flows. Customers now want to receive broader advice on investment decisions. To be able to compete, dealing desks within banks are increasingly having to provide services across a range of financial products and find ways to add value to these.

As banks need to develop and maintain their customer base, and as pricing is highly competitive, there is a need for management to focus on the implementation of a customer orientation to ensure that a sustainable competitive advantage is achieved. The inclusion of customer orientation as a criterion within the performance management process could help facilitate this strategy. South African banks will need to evolve more elaborate and imaginative customer service initiatives than ever before (Crowe, 1995), and develop a business culture committed to creating superior value for customers. Client or customer orientation, by its very nature, is difficult to quantify and this has brought into question the current reward system in banks, both locally and internationally. In order to retain a long standing client, profits made from that client may need to be reduced to maintain the long term - , and therefore, "profitable-through-time" relationship. The banking treasury environment needs to ensure that its short term profit goals are aligned with client retention goals. This could be partly facilitated by changing the criterion of the reward and recognition component from a purely "creation of profit" emphasis to one which includes the six customer orientation factors.

In terms of customer orientation being a criteria of assessment in the performance management process, performance management helps in the integration of corporate, individual and team objectives, in communicating these objectives, and in underpinning the core values of the organisation. It is potentially a lever for achieving cultural and behavioural change and a means of empowering people by giving them more control over their work and their personal development. It often, but not always, provides the basis for performance related pay.

The impact of structural factors, such as reward systems and the creation of open communication channels, have been highlighted as important in engendering a customer orientation (Spiro, 1994). Clearly, top management can help promote a customer orientation by changing reward and recognition systems from being completely finance based (e.g., profits) to being at least partly customer based (e.g., customer satisfaction) (Spiro, 1994). For this to occur in banks, a change in mindset, and probably culture, will need to occur to facilitate this process. This research will add valuable insight to top management by highlighting the need to adopt customer orientation as part of their strategy. This would require a cultural change which could facilitated by an holistic performance management process which would include recognition and reward systems supportive of customer orientation. Performance management processes furthermore support the achievement of strategy by ensuring that realistic but stretching objectives are set and that action plans are prepared which will allow for the implementation of objectives (Armstrong, 1994). In order to succeed, management have to believe that customer orientation as a corporate strategy, will enhance long-term growth and ensure increased profitability.

1.2 RESEARCH OBJECTIVES:

The primary objective of the current research is to gain insight into whether or not customer orientation is a criteria of measurement within the performance management process within the banking treasury environment of the organisations assessed. (This research will attempt to show that one way of achieving customer orientation, is by including it as an objective within performance management). A second objective of this research is to establish whether or not customer orientation is rewarded. A third objective is to establish what dealers within the Treasury are currently being measured on and the level to which, if any, the factors of customer orientation are included in their respective performance management processes. The level of customer orientation will be determined for each bank and a comparison made between that level and firstly, the measurement of customer orientation factors in the performance management process, and secondly against the reward of customer orientation factors as part of the performance management process.

1.3 RESEARCH METHODOLOGY:

A triangulated research methodology was undertaken . The initial phase of this was to conduct pilot interviews with a senior treasury manager from each bank, as well as an independent treasury specialist, on factors pertaining to customer orientation and current performance management practices related to recognition and reward in their respective bank treasuries and in bank treasuries in general. These in-depth interviews were conducted to ensure that relevant information was not excluded from the questionnaire which was designed after the pilot interviews were conducted. The in-depth interviews allowed for ideas raised to be explored and clarified qualitatively prior to the quantitative exploration.

The main study was then conducted. The population for the main study consisted of various types of dealers from three of the major South African bank treasuries. The main study was agreed in advance with the senior management of the relevant bank, the questionnaires were dropped off at each bank and collected at a later date.

1.4 LIMITATIONS OF THE RESEARCH RELATED TO THE SAMPLE:

A few factors potentially limits the extension and generalisation of the results of this research:

The sample studied was restricted to the population of only three banks in the greater Johannesburg area and did not include any corporate treasury dealers. (A corporate treasury is one found in a non-banking environment). In terms of the customer orientation aspect, customers and competitors may have more objectively assessed whether the bank's behaviour indicates its adoption of a customer orientation as its core business philosophy. Furthermore not all banks may have had an holistic performance management process linked into corporate strategy.

Other geographical areas - including satellite treasuries of the banks researched, found in the large centres around South Africa - were not included which may have further influenced results. These areas were not included due to the constraints of time and access.

1.5 OUTLINE OF SUBSEQUENT CHAPTERS:

Chapter Two: Review of the Relevant Literature

This chapter focuses on a review of the performance management, customer orientation and Treasury environment constructs. It starts by looking at performance management as a process and the importance of reward and recognition systems to support that process. It then reviews customer orientation, as well as giving an overview of market orientation as a whole, of which customer orientation is one behavioural component. The final section deals with the Treasury environment as a whole.

Chapter Three: Research Methodology

In this section, the three key propositions are discussed . The pilot study undertaken, and the method of data collection, which involves the construction of the questionnaire.

Chapter Four: Analysis of Results

The results are presented.

Chapter Five: Conclusion

The business and management implications of the research results are discussed. Recommendations for future research are then outlined.

CHAPTER 2:

2. LITERATURE REVIEW:

The literature review will cover three main areas. These are: the performance management process with particular emphasis on recognition and reward, customer orientation or the need to provide good customer service as a good competitive strategy, and the treasury environment. In terms of strategy, performance management would provide the vehicle by which customer orientation could be facilitated.

2.1. PERFORMANCE MANAGEMENT AS A PR(SS:

This dimension of literature needs to be reviewed in order to establish the various management processes, that is planning, programming, budgeting, feedback and rewarding, that make up the vital "nervous system" that direct and transmit signals to employees throughout the organisation and stimulate its movement towards its chosen objectives. This relates to the adage that people only do what they are measured on.

This review will specifically investigate:

1. the broad outline of the performance management process and
2. establish the importance of reward within that process.

Compensation and reward needs to be researched, as for customer orientation to be effectively implemented within an organisation, Spiro (1994) has stated that there is a need for an action programme (such as performance management) that coordinates individuals and activities to achieve stated objectives, in this case customer orientation. This would include decision and reward and recognition systems that are compatible with and supportive of the performance management of customer orientation.

The successful management of staff performance is vital to the role of any manager. By clarifying what the organisation needs to do strategically, translating that into clear divisional goals, cascading those down into individual goals and reviewing these goals regularly, performance management provides a well-structured and effective management tool to achieve strategy and facilitate cultural change. Performance management is based on the agreement of objectives, knowledge, skill, competence requirements and work and development plans. In relation to this study, to facilitate customer orientation, this knowledge, skill, overall competence and day to day effectiveness would have to be oriented towards customer commitment, creating customer value, understanding customer needs, satisfying the customer, measuring customer satisfaction and after sales service. Performance management involves the joint and continuing review of performance against these objectives, requirements and plans and the agreement and implementation of improvement and development plans (Armstrong, 1994).

Performance management should be regarded as an holistic process encompassing planning performance (in this case related to customer orientation), managing performance, reviewing performance and rewarding performance. These four key elements of performance and the activities that normally form part of each element are shown in Figure 1 (Armstrong, 1994).

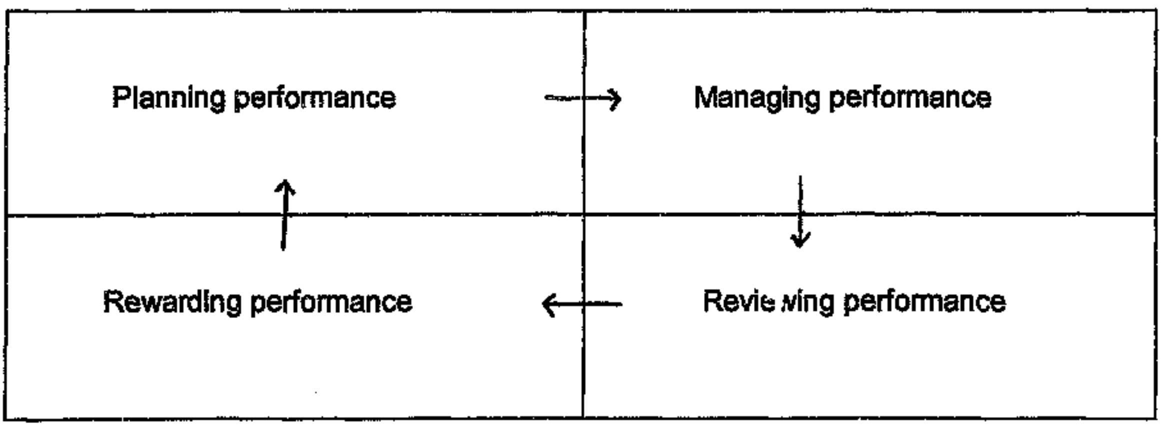

Figure 1. *Performance management processes (Armstrong, 1994: 188).*

Any number of frameworks are available for a review of performance management. In the context of organisational culture (and specifically in the context of facilitating a cultural change from one of profit to greater customer orientation) Armstrong (1994:24) states: "The overall aim of performance management is to establish a culture in which individuals and groups take responsibility for the continuous improvement of business processes and of their own skills and contributions. Performance management processes can be used to communicate and reinforce the organisations strategies, values and norms and to integrate individual and corporate objectives."

Spangenberg (1994) also sees performance management in a broad context, albeit a slightly different one from Armstrong's (1994). Spangenberg (1994) follows Rummler and Brache (1992) in postulating three levels of performance which would facilitate the implementation of customer orientation in bank treasuries. These three levels of performance are: organisation, process, and job / performer. These three organisational levels are combined with three performance needs - goals, design and management thereof. Spangenberg (1994) does not specifically accommodate organisational culture but he does recognise it as an important issue in performance management: "Both people- and process- based systems will fail if they are incompatible with the organisation's culture (its style, beliefs, values) or unless they are an integral part of a planned programme of cultural change. Frequently new management techniques have been introduced without sorting out their cultural impact" (Spangenberg 1994:41-42). The introduction of customer orientation in bank treasuries would create an impact which would need to be accommodated culturally. Not only does Spangenberg (1994) see culture as something that must be accommodated, he sees it as intrinsic to the objectives of performance management. As Spangenberg (1994:40-41) puts it: "Performance management has a powerful impact on the culture of the organisation because it interfaces throughcut the process of managing performance, e.g. goal-setting, coaching, feedback, etc. The way in which these interactions take place will determine the culture of the organisation, for example, whether there will be an autocratic or participative culture, or a team or individual culture. For customer orientation to be effective, a more participative and team culture would need to be prevalent especially to facilitate the all encompassing market orientation of which customer orientation is just one facet. McLagan (1990) contended that "during times when business success depends on the ability of the organisation to move towards a more participative management approach, performance management becomes an important management focus." Armstrong (1994) agrees that a specific aim of performance management is to act as a lever for change in developing a more performance-oriented organisational culture.

Armstrong (1994) does not however confine his treatment of the purposes of performance management to the rarified domain of culture. He (1994) suggests the following catalogue of reasons for introducing performance management:

- "To reinforce a performance-orientated culture or to help change an existing culture to become more performance-orientated.

- To weld together different parts of the organisation with different cultures.

- To improve the performance of individuals and teams - performance-driven performance management.

- To develop the skills, competencies and potential of employees - development-driven performance management.

- To provide for increased and sustained motivation - motivation-driven performance management.

- To empower people - giving them more scope to exercise control over and take responsibility for their work.

- To help in the integration of organisational, functional, departmental, team and individual objectives.

- To provide for an extra channel of communication about matters concerning work.

- To provide a framework within which managers can improve their performance in the processes of clarifying responsibilities, delegation, monitoring and reviewing performance, and developing staff.

- To attract and retain skilled staff.

- To support total quality management".

2.2 REWARD IN THE PERFORMANCE MANAGEMENT PROCESS:

Reward is a fundamental part of performance management. In fact, research conducted by the Institute of Personnel Management (1992) established that some organisations regarded reward / performance related pay, *as* performance management.

It is, however, best to regard reward as a method of improving performance and one of the processes within performance management.

Armstrong (1994), cites performance related pay as a means of providing incentives and rewards to improve the performance of the organisation. Furthermore, amongst others, it delivers a positive message about the performance expectations of the organisation; it focuses attention and the endeavours of individuals on the key performance issues; and it acts as a catalyst to change cultures which need to become more performance and results orientated , or where the development of other key values such as quality and customer service need to be encouraged. For bank treasuries to utilise customer orientation as a competitive strategy, they would need to undergo a change from bonuses only based on profits made for the bank, to one in which customer orientation (both internally and externally) would be a criteria of measurement.

In a study conducted by Jaworski and Kohli (1993) the authors found that organisations who rewarded employees on the basis of factors related to customer satisfaction and building customer relationships, tended to be more market oriented.

For organisations which are very much in the business of making money, such as banks are, financial rewards act as key motivators. (At this point, it should be noted that pay must not be regarded as the only motivator. Attention should also be given to the non-financial approaches to motivation and recognition. An integrated approach to performance management needs to be adopted to motivate all types of employees and not just the high-flyers. This would require a mix of financial and non-financial rewards.)

Another powerful argument advanced for performance related pay, is that it is a lever for cultural change in the direction of accountability for results and orientation towards high performance and, in for the purposes of this study, greater customer orientation. The IPM study highlighted that performance related pay delivers a strong message about the expectations of the organisation to its employees. Incentives need to be appropriate for employees to behave in desired new ways (Day, 1990; Kohli and Jaworski, 1990). It should be noted however, that performance related pay cannot be expected to be the sole lever for improving performance (Armstrong, 1994).

For bank treasuries to successfully implement a customer orientation, it would appear that they would have to embrace a cultural change from one which emphasises primarily profit - from which individuals as well as the bank can gain in the short term - to a more long term profit focus achieved by customer satisfaction. This cultural change could be facilitated by performance management processes which incorporate, as one of its features, recognition and reward structures which promote the requisite message about the expectations of the organisation. To remain competitive in an environment in which the consumer has multiple choices , the point of convergence for consumer loyalty must be customer care. The relationship with the customer could become the differential between being accepted, or in terms of the ultimate power of the customer, rejected (Spiro, 1994).

2.3. THE CUSTOMER ORIENTATION / ABILITY TO PROVIDE SERVICE CONSTRUCT:

Having established an understanding of an holistic performance management process which embraces customer orientation as a culture, a greater understanding of customer orientation needs to be promoted. The implementation of a customer orientation appears to be generically regarded as difficult. People and organisations aspire to what they construe as "customer orientation", however there is a lack of understanding and awareness of the concept as a whole in terms of interdepartmental communication, alignment of one's own and the organisation's values, hierarchical control, customer-based evaluation and reward, management commitment to being responsive to the customer and visible management buy-in to the importance of the customer. (Spiro, 1994.)

2.3.1. Customer service as a competitive strategy:

In the past few years, there has been a renewed academic and practitioner interest in both the market and customer orientation concepts (Shapiro, 1988; Webster, 1988;

Day, 1990; Kohli and Jaworski, 1990; Narver and Slater, 1990; Spiro, 1994). This resurgence of interest is not surprising, since the concept represents the foundation of high-quality marketing practice. What is noteworthy, however, is that relatively little systematic effort has been devoted to understanding the complexities of its implementation within organisations (Spiro, 1994).

The research findings of Spiro (1994) show that "medium-sized organisations, that is, those having between 00 to 200 employees, tend to perceive that customer-based evaluation and reward is vital to the effective implementation of a customer orientation culture. However, small sized organisations, that is, those having a staff complement of under 50 employees, as well as very large organisations having 200 to 500 employees, did not perceive customer-influenced incentives to be as important as the medium sized firms". This is due to larger firms being able to create value for customers by offering lower prices for a product or service, made possible due to economies of scale and scope. Large organisations would also be more remote from their customers than medium sized firms and may have more price oriented marketing strategies (Spiro, 1994).

Spiro's (1994) research clearly delineates the factors that can be expected to promote or hinder a customer orientation These factors appear to be largely controlled by top management and can, therefore, be altered by them in improving the customer orientation of their organisations.

For an organisation to achieve consistently above-normal market performance, it must create a sustainable competitive advantage (Aaker, 1989). That is, it must create sustainable superior value for its customers. The desire to create superior value for customers and sustainable competitive advantage drives a business to create and maintain the culture that will produce the necessary behaviours. Market orientation is the organisation culture (Deshpande, Rohit and Webster, 1989) that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers and, thus, continuous superior performance for the business. Narver and Slater (199[illegible]), infer that market orientation consists of three behavioural components - customer orientation, competitor orientation and interfunctional coordination - and two decision criteria - long term focus and profitability.

To create a greater understanding of market orientation, of which customer orientation is just one component, a brief overview of all the components of market orientation follows.

Specifically, *customer orientation,* the first component of market orientation, is the sufficient understanding of one's target buyers to be able to create superior value for them continuously. A customer orientation requires that a seller understand a buyer's entire value chain (Day and Wensley, 1988), not only as it is today but also as it will evolve over time subject to internal and market dynamics. Bank treasuries would therefore need to understand their clients business in order to add value, and thereby promote long term profitability for themselves.

A seller / organisation creates value for a buyer in only two ways: by increasing benefits to the buyer in relation to the buyer's costs in relation to the buyer's benefits. A seller, in this case the dealer, must therefore understand the economic and political constraints at all levels in the channel. Only with such a comprehensive framework can the seller understand who its potential customers are at present as well as who they may be in the future, what their customers want now as well as what they may want in the future, and what they perceive now as well as what they may perceive in the future as relevant satisfiers of their wants (Narver and Slater, 1990).

Competitor orientation means that a seller understands the short-term strengths and weaknesses and long-term capabilities and strategies of both the key current and the key potential competitors (Aaker, 1988; Day and Wensley, 1988; Porter, 1980, 1985).

The third of the three behavioural components is *interfunctional coordination* - the coordinated utilisation of company resources in creating superior value for target customers. Any point in the buyer's value chain affords an opportunity for a seller to create value for the buyer firm. Therefore, any individual in any function in a seller firm can potentially contribute to the creation of value for buyers (Porter, 1985). A seller's creation of value for buyers is analogous to a symphony orchestra in which the contribution of each subgroup is tailored and integrated by a conductor - with synergistic effect. A seller must draw upon and integrate effectively, as well as adapt as necessary, its entire human and other capital resources in its continuous effort to create superior value for buyers. Hence, that effort is the proper focus of the entire business and not merely that of a single department in it (Webster, 1988).

Achieving effective interfunctional coordination requires, among other things, an alignment of the functional areas' incentives and the creation of interfunctional dependency so that each area perceives its own advantage in cooperating closely with the others. Performance management would be a vehicle to facilitate this strategy. If a business rewards every functional area for contributing to creating superior value for customers, self interest will lead each area to participate fully (Narver and Slater, 1990). In developing effective interfunctional coordination, marketing or any other advocate department must be extremely sensitive and responsive to the perceptions and needs of all other departments in the business (Anderson, 1982). As a vehicle for promoting market orientation as an holistic strategy, performance management would result in the same objectives, knowledge, skill, competence requirements and work and development plans being cascaded throughout the organisation.

The literature suggests that a market orientation has primarily a *long-term focus* both in relation to profit and in implementing each of the three behavioural components of market orientation (Kohli and Jaworski, 1990). Anderson (1982) stresses that a long-run perspective is implicit in a market orientation.

Finally, for businesses, the overriding objective of a market orientation is *profitability*. Kohli and Jaworski (1990) found that profitability is viewed as a consequence of market orientation.

The above explanation serves to promote a greater understanding of market orientation of which customer orientation is one behavioural component. This study is focusing on the performance management of this one behavioural component - customer orientation - in bank treasuries. This can be facilitated by an holistic adoption of performance management processes.

2.3.2. The nature of service quality:

Service quality is defined by Christopher, Payne and Ballantyne (1991), as "the ability of the organisation to meet or exceed customer expectations". In this context customer expectations may be defined as the 'desires or wants of consumers, i. e. what they feel a service provider should offer rather than would offer'. In an industrial marketing or business-to-business context, the concept of expectations might be modified to encompass the idea of 'negotiated' expectations. In other words, service quality is measured in terms of the extent to which performance as perceived by the customer meets or exceeds agreed levels of service. To complete the definition of service quality it must be emphasised that the measure of performance is essentially a measure of perceived performance. In bank treasuries, service quality would include, for example, the administrative side of treasury transactions being properly handled.

Parasuraman, Zeithaml & Berry (in Christopher *et al.* 1991:107 -108) offer a generic model of the basic dimensions of service quality that can be generalised across markets. These basic dimensions of service quality are:

1. **Reliability** which involves consistency of performance dependability. It means that the firm performs the services right the first time, and honours its promises. In bank treasuries , this would include the confirmations and transfers of foreign payments.

2. **Responsiveness** which represents the willingness or readiness of employees to provide service. It also entails timeliness of service. In bank treasuries this would include the immediacy of transactions.

3. **Competence** which means possession of the required skills and knowledge to perform the service. An example in bank treasuries would be the transactions and confirmations being accurately done.

4. **Access** which involves approachability and ease of contact; as well as convenient location of service facility. In bank treasuries, transactions have to be real time and need to be instantaneous. This would require direct communication devices such as telephones dedicated to customers, the Reuters dealing system etcetera, to allow immediate contact.

5. **Courtesy** which involves the politeness, respect, consideration and friendliness of contact personnel.

6. **Communication** which involves keeping customers informed in a language and in terms they can understand, as well as listening to them. This may mean that the company has to adjust its language for differing customers. The terminology in bank treasuries contains much jargon and complicated mathematics which a layman, or even a corporate practitioner, may not be familiar with.

7. **Credibility** which involves trustworthiness, believability and honesty. It involves having the customer's best interests at heart. There have been several court cases,

including Bankers Trust versus Gibson Greeting Cards, which have accentuated the requirement for banks to discuss their products with complete transparency. Credibility in bank treasuries, is synonymous with transparency.

8. **Security** is the freedom from danger, risk or doubt. In bank treasuries this would be linked to ethics and corporate governance as well as the basic requirement for transparency. When doing a deal for a client, it is imperative that the client understands his / her risk. A dealer should never transact a deal knowing that an enormous profit could be made for the bank, at a great risk to the client.

9. **Understanding or knowing the customer** which involves making the effort to understand the customer's needs.

10. **Tangibles** which includes the physical evidence of the service (facilities, appearance of personnel, tools or equipment used and physical representations - such as a plastic credit card. In bank treasuries, this could include the documentation related to transactions made.

Service in a sense should be 'negotiated' or agreed in advance with customers so that there is no scope for misunderstanding what the organisation intends to provide by way of service.

2.3.3. The strategic role of service quality:

As Furlong (1990:38) puts it, "implementing a customer service strategy is no picnic. It requires a considerable commitment of time and resources. However, by virtue of its difficult nature, a service strategy assumption cannot easily be duplicated by your competitors. Therein lies the continuing advantage of a service-driven corporation."

There is an increasing recognition that service quality makes for good business. Wong & Perry (1991) state that about two-thirds of customers who stop doing business with a particular organisation do so because they have received poor service. Seller (in Wong & Perry, 1991) reports that attracting a new customer to replace the lost one takes five times as much effort, time and money as it would have taken to keep the existing one.

Wong and Perry (1991) argue that old methods of securing competitive advantage in the financial services industry are no longer effective. The marketing "4 P's" of product, promotion, price and place, are no longer important. It would therefore seem that market orientation with customer orientation as one of its facets could be an effective means of securing competitive advantage, driven by the performance management process. For example, with advanced technology and increased globalisation, location competitive advantage, as one of the four "p's" (place), has been lost. Another example of lost competitive advantage, is the swift copying of new financial products by competitiors - with all banks offering 'me-too' products. Competitive advantage from a new product usually lasts no more than six months.

Wong and Perry (1991:12) accordingly conclude that, in the financial services industry, the marketing key is now openly "customer service". They report one American survey which found that 44 percent. of bank customers rated "ease of doing business" (Wong and Perry, 1991:12) as the principal factor in choosing a financial institution and a further 28 percent. rated "quality of personal service" as the principal factor.

Piercy (1992) makes the point that customer service and quality should be consistent with all other aspects of the total offering made to the customer: this takes into account minor points, such as price, the customer's performance requirements, value in the customer's terms, and so on.

2.3.3.1. The strategic role of service quality in banks:

Meyers (1994:61) says of customer service: "loyalty is never rational, and nearly always emotional." Reaching customers on a human, emotional level that leaves them feeling understood can bring bankers many benefits. To promote customer orientation, bank treasuries need to embrace this philosophy.

Wong and Perry (1991: 12-13) argue that a concern for customer service "should be evident in the organisation structure. A commitment to customer service will require a change to a more customer-focused, more sensitive organisation structure, so that the front line staff have more authority and are better trained". These are all factors which are related to customer orientation.

In line with these organisational changes, Wong and Perry (1991) argue that concomitant changes in culture should be fostered. The new culture must be based on relationship banking, which depend on such ordinary courtesies as referring to a customer by his or her first name. All managers must be active role models of the new culture.

2.4. THE TREASURY ENVIRONMENT.

The information to be garnered from this literature investigation will include the role of a treasury within a commercial or merchant bank, the roles of the various types of dealers, the services a treasury provides, the different time horizons of banks and corporates and problems experienced within the treasury environment.

2.4.1. The role of the treasury function within a commercial or merchant bank:

Reid (1993) in explaining the changing role of the corporate treasurer, states that traditionally a corporate Treasurer's brief was limited to the routine functions of funding and organising foreign exchange transactions. Over the last few years however, this role has changed with many treasuries extending their role beyond that of a service centre. "The traditional role limited a treasury operation to a mere component of most companies financial management structures" (Reid, 1993: 36).

Increased pressures on this function have resulted in it becoming a profit centre with the Treasurer being responsible for opportunity costs, resulting in treasuries having to obtain the best prevailing market rates, to discover more efficient strategies to cover risks and to create advantageous funding arrangements (Reid, 1993). Courtney (1988), states that a new breed of corporate treasurer had evolved into what was, and is effectively, a financial engineer.

For the purposes of this study, it would seem that this role of financial engineer will need to be expanded to include a responsibility for customer orientation.

The literature, as well as the pilot interviews conducted, indicated that the role of a bank treasury can be summarised as follows:

- Fund raising and investment services for the banks own requirements or needs.
- Provision of finance and investment products to a broad spectrum of retail and corporate clients as well as customers originating within the bank itself.
- The provision of financial risk management hedging products, such as interest rate hedging products, foreign exchange rate hedging products, equity price risk and commodity price risk hedging products.
- The provision of foreign currency transfer services.
- The provision of a range of financing products, for trade and other foreign financing requirements, such as letters of credit (LC's) and similar products, where the price component may be set in treasury - but other aspects such as credit risk determination - are set in other functional areas of the bank.
- In certain bank treasury's, trading is conducted in the above instruments and markets with the objective of speculative gain. This is distinct but not entirely unrelated to client support in such products and services.

Treasury is usually broadly divided into 2 functional areas: local treasury and international treasury.

Local treasury is primarily concerned with funding for the bank, but also finds itself involved in speculative trading in domestic market trading activity such as the local bond and derivatives markets. It also has relationships with the Asset / Liability Committee of a bank, where apart from managing the macro balance sheet, it is also responsible for broad pricing issues on key products such as overdrafts and deposits. The client interface is most often expressed via other divisions of the bank such as the project finance and investment banking, corporate division and above all, in the case of commercial banks, via the branch network. However, direct client contact will occur for larger transactions. Performance measurement of the factors relating to customer orientation would therefore be advantageous.

The second functional area, international treasury, concerns foreign exchange and often foreign finance. This area depending upon the bank, can often fall within the functional responsibility of another division.

Occasionally, a third functional area is separately defined within the treasury operation. This is the provision of a broad range of derivative instruments. Often however, local or foreign derivatives trading and services will fall within the two main functional areas of local and international treasury. Investment banking and trading in local and foreign equities is usually found in a separate division. South African banks, until very recently - with the advent of screen trading on the Johannesburg Stock Exchange, have traditionally taken a very passive role in these markets. For practical purposes, this aspect of a bank's operation has not been investigated in-depth for this report.

Treasury therefore, often finds itself involved in a variety of different financial markets with varying degrees of pricing autonomy, different emphasis on the client versus trading functions and often conflicting strategic goals. For instance: the domestic treasury function will often find itself responsible for both the banks own liquidity and the provision of cost effective liquidity to clients. These are mutually exclusive objectives. For example, a bank that is cash flush will not seek to take on any more deposits; however a valued customer who is also cash flush, will seek to deposit those funds at the best possible rate. Should the bank therefore incur an even greater liquidity surplus (with the associated costs of this situation) or should it price itself to lose this deposit and possibly also the client? Probably, one could argue, the cost of this type of decision should ideally belong to the entity responsible for the client (the client owner) or the entity responsible for long term client retention. (This a strategic issue which needs to be determined at the outset).

2.4.2. The roles of the various types of dealers:

Even within the various functions within treasury, conflicting customer service goals exist. Different dealers within the different functional areas have different responsibilities. Within the international treasury, there are **foreign exchange (forex) dealers** who deal in foreign exchange transactions. They are also sometimes found in satellite dealing rooms. Satellite dealing rooms are sometimes utilised to make far flung geographical areas closer to the dealing room in terms of the customers they service. They are normally found in the major centres outside of Johannesburg.

Derivatives dealers may be found in both the local or international dealing areas within treasury, or as a separate dealing area depending on the structure of the treasury. They are usually always risk takers in the South African banking environment.

Corporate dealers deal directly with corporate clients within the respective functional areas.

When this function exists (not all banks have branch networks as in the case of a merchant bank) **branch dealers** may deal indirectly with the client, usually via another bank division. Alternatively, the branch dealer may deal directly with clients who are either small in size, or who do not require a high level of service within that particular area.

Risk takers, who make up only approximately ten percent of the total treasury dealer staff complement, are ultimately responsible for managing the exposure risk of the treasury as a whole, within their respective functional area, as defined above. They deliberately incur risk for the bank and price transactions for other desks. All the speculative and residual risk in the dealing room is managed by the risk takers.

An explanation of the function of branch and corporate desks is as follows: a foreign exchange bank desk may deal with a large number of clients with a large number of small transactions. Although individually small, on aggregate they are quite large. (It is usually the small size transactions which are charged at a greater spread or margin, in order to meet the fixed overhead costs of each deal). Therefore, although it makes sense to price each transaction separately, for risk management purposes and for market economies of scale benefits, it makes better economic sense to hedge these risks in one deal together, usually with foreign exchange risk taken. In effect, this means that the desk can take small risk positions, but due the relatively small size and spread of margins charged (which in itself represents a hedge against market movements) the bank limits its risk to the time mismatch between these individual deals being executed and the aggregation of these deals being hedged with the risk dealer/ taker.

Dealers concerned with the liquidity function, are primarily concerned with obtaining the right amount of currency at the right place and time. They are not responsible for dealing with customers or in achieving a customer driven price or service.

2.4.3. The services a treasury provides:

In the article, "Treasurers put their view on banks" (Crowe, 1995) states that forex clients are overflowing with complaints about the service they receive from their banks. The result is that banks are going to have to address the heavy criticism against them of failing to provide adequate service to forex and other customers. The gulf in understanding between banks and clients has further widened as a result of the turmoil in the currency markets and recent upsets in derivative markets - the Barings Bank disaster being a recent example.

But there are signs however, that something positive could emerge from the hiatus. While corporates are seemingly relentless in their broadsides against the banks, the severity of these outbursts has prompted both sides to consider new ways of dealing with each other.

A dramatic illustration of what corporates want from banks is contained in the 1995 *Euromoney* survey of foreign-exchange customers: the corporate vote has led to "quality of relationships" narrowly overtaking "price" as the most important factor listed by all respondents as their reason for determining choice of counterparty. By comparison, the *Euromoney* survey indicated that banks still selected "price" as what they felt was the most important factor.

The complaints and criticisms against banks' forex departments included: traders calling up before or after office hours with information that corporate treasurers neither understood nor appreciated; high turnover in bank staff which hinders the development of long term relationships (possibly due to dealers seeing themselves as professionals in their own right with a short term career, with the result that they focus on achieving the highest earnings available to them. Were customer orientation factors to be taken into account when awarding bonuses, this may not pose such a problem). Further criticisms against banks and forex departments include: the failure of banks to fully grasp the individual requirements of corporates and to be as enthusiastic about small deals as large ones; and the hard sell by banks of products and strategies that corporate treasurers need time to consider before reaching a decision. Many corporates are facing huge currency losses resulting from volatility in forex markets and large unexpected movements. The effects are starting to be felt on corporate bottom lines. Corporates experience currency losses not only when they leave themselves to the mercies of the forex markets, b' ' also when they hedge. Corporates must seek solutions, and while some of these will be in-house strategies, they can hardly avoid getting closer to the banks. If a successful partnership between bank and client is going to emerge, both sides must understand each other better. This is a key factor of customer orientation. Since the corporates are the custom:ers, the onus is on the banks to listen. Banks need to differentiate between the requirements of different industries as well as individual companies. As mentioned previously, banks or dealers must overcome their fixation with the large deal. Corporate treasurers are as much concerned with competitive prices and smooth processing for their many small deals.

A mitigating factor in this failure by the banks to provide basic customer service is the structure of the forex market. Dealing in huge volumes gives banks significant market-making capabilities, allowing them to offer the best prices. Also, their forex flows are so large that they may actually influence prices. In coping with a plethora of deals and clients, the dealers fall down on individual attention. Banks acknowledge the need to know the time a corporate treasurer likes to receive a call, as well as a need to understand the company's exposure profiles.

2.4.4. Different time horizons:

Bridging the culture gap between banks and corporates is as essential, it seems, as overcoming the knowledge deficit. Forex traders thrive on life in the fast lane. Their eyes are often on the main chance that is going to boost bonuses and sales figures in the short term. Corporate treasurers, however, are used to a more rarified atmosphere and longer time horizons. To them, the fast talking and quick fixes of the trading floor can smack of sharp practice.

The quick turnover of traders frustrates the development of lasting relationships between bank and client and due to the stress of the environment, foreign-exchange dealers tend not to last beyond their forties - just the time they are experienced enough to provide better service (Crowe, 1995).

After the well publicised upsets with derivatives, corporate treasurers are extremely cautious of complex risk-management strategies. They are likely to give wide berth to anything they do not fully understand. Even before the recent debacles, some corporate traders were concerned that forex dealers tried to hurry them to implement new methods, failing to realise that in corporations it may take weeks for a specific strategy to be approved.

Now with treasurers playing things as safe as possible, the banks and corporates are further apart than ever in their approaches. There are signs that both sides realise the present malaise calls for cooperation rather than conflict. The Barings scandal and currency volatility have resulted in the client demanding to be talked through every product. Likewise, corporate treasurers are talking more openly about their requirements. This will assist banks in coming up with strategies tailored precisely to customer aims. Corporates are interested in the services banks can provide. All in all, there is everything to be gained from banks and forex clients working more closely together. Customers have signalled in the *Euromoney* poll how highly they value good relationships with banks.

2.4.5. Problems experienced within the treasury environment:

The treasury is often viewed by the bank as a service department - supporting other functions within the bank - and not as a service provider which has a external customer interface. This will obviously impact on the customer orientation in performance management within bank treasuries. However, this view is slowly changing.

Treasury often competes within itself - the provision of finance, whether local or foreign, should really be seen on the same continuum. For instance, a client may choose to raise, via the bank, foreign finance and hedge forward through the foreign exchange markets his exchange rate risks as well as hedge his interest rate risk. This interest rate risk is hedged either via fixed interest rate loans, or by using interest rate hedging instruments to eliminate his interest rate risk. During this process, these funds are converted to Rands and utilised domestically to meet the bank's operational or investment liquidity requirements. On the other hand, the client always had the choice to raise finance locally and the choice to go the foreign exchange route, based on consideration of price. This immediately places the two main function areas, as described above, to a greater or lesser extent, in some form of competition. The local trader would be responsible for the provision and pricing of local finance, whilst the international trader would be responsible for the provision and pricing of foreign finance, plus the hedging needs of the client should the client indeed choose the foreign financing route. The purpose of this illustration is to show that before proper analysis can be made of customer orientation/ retention strategies, it is important to recognise that within the treasury itself, there exists a level of conflicting objectives. As will be shown, the lack of customer retention strategies in the treasury division of banking, is affected by internal misalignment within treasury.

2.5. SUMMING UP:

It is apparent there is a need for better relationships between bank treasuries and their customers. The introduction of customer orientation principles, as part of the greater market orientation philosophy, would certainly facilitate this need. Performance management as a process would prove to be the ultimate vehicle to drive this strategy.

CHAPTER 3:

3.1. RESEARCH OBJECTIVES:

This study is an attempt to assess the level of customer orientation within bank treasuries and whether or not customer orientation is supported in the performance management process in terms of appraisal, reward and recognition.

The objectives of this research are therefore to gain insight into the following areas:

1. Whether or not customer orientation is included as a criteria of measurement in the performance management process within the banking treasury environment.

2. Whether or not customer orientation is rewarded.

3. To ascertain what banking treasury employees are being measured and rewarded on in general.

4.1. To establish the level of customer orientation within the bank treasuries and compare that level to the measurement of customer orientation factors in the performance management process (established in objective 1).

4.2. To establish the level of customer orientation within the bank treasuries and compare that level to the reward of customer orientation factors in the performance management process (established in objective 2).

Based on the findings, recommendations will be made with regard to what the bank treasuries selected would need to do to bring their measurement of customer orientation into line with current best practice.

(For the purposes of current study, adoption of a customer orientation refers to whether an organisation has embraced the concepts philosophical implications for business management. There needs to be an awareness of the concept as a whole in terms of interdepartmental communication, alignment of one's own and the organisation's values, hierarchical control, customer-based evaluation and reward, management commitment to being responsive to the customer and visible management buy-in to the importance of the customer. (Spiro, N. 1994).

3.2. RESEARCH DESIGN:

3.2.1. Population:

Treasury staff in banks in South Africa. Employees from Treasury environments from the Johannesburg area ranging from Treasurer to dealers on the floor were asked to complete the questionnaire.

3.2.2. Sample:

The sample was limited to two commercial banks and one merchant bank. For reasons of confidentiality, it has been decided not to use the names of the banks surveyed, but rather to refer to them as:

- Bank A
- Bank B

in terms of the commercial banks, and one merchant bank, namely:

- Bank MB.

These banks were selected as they agreed to allow access for research purposes. Several other banks were contacted telephonically and several messages left with an explanation requesting access for research purposes, but no messages were returned.

3.2.2.1. Method of Sampling:

The population consisted of Treasury personnel ranging from Treasurer to dealer within the banking Treasury environment.

- A personal meeting and interview with a senior Treasury person resulted in their cooperation in assisting. The objective of this was conduct a qualitative interview where new points raised by the interviewee, or points not clear to the interviewer could be clarified and further probed. This was the first step in triangulated research. It was also an attempt to increase and influence a higher response rate.

- The questionnaires were delivered by hand to each bank. It was requested that they be completed for collection 7 working days thereafter.

3.3. IN DEPTH INTERVIEWS OR FIRST STAGE STUDY:

The researcher conducted 4 in-depth interviews: three with senior treasury management of the banks which allowed access, and one with an expert and consultant on treasury environments.

The researcher utilised structured, but open -ended questions. The individuals interviewed were selected on the basis of their perceived treasury expertise and their unique insights into the treasury environments in which they operate - specifically in relation to their banks degree of customer orientation and knowledge of their performance management process. The expert on treasury provided general insight into treasury environments, their performance management processes and difficulties experienced by treasury personnel both within the bank (internal customers) and when interacting and doing business with external customers.

The purpose of the first stage of the study was to gain insight into the following research objectives:

1. Whether or not customer orientation is a criteria of measurement in the performance management process within the banking treasury environment.

2. Whether or not customer orientation is rewarded.

3. To ascertain what banking treasury employees are being measured and rewarded on in general.

4.1. To establish the level of customer orientation within the bank treasuries and compare that level to the measurement of customer orientation factors in the performance management process (established in objective 1).

4.2. To establish the level of customer orientation within the bank treasuries and compare that level to the reward of customer orientation factors in the performance management process (established in objective 2).

In addition to the research objectives, the researcher attempted to gain insight into the respondents perception of the importance of a customer orientation to the long term profitability and success of their organisations.

It was important to explore the factors mentioned above qualitatively, prior to conducting the second stage - quantitative exploration. By adopting a triangulated research approach, combining both qualitative and quantitative research (Leedy, 1993), the researcher was attempting to overcome the dangers of inflexibility, inherent in a purely quantitative study, in which important areas may have been omitted. Triangulated research is also an attempt to enhance the findings of a purely quantitative research (Leedy, 1993). The qualitative research of the first stage allowed for flexibility, ensuring that certain assumptions which may have been inaccurate were highlighted. Conducting qualitative research allowed an unstructured exploration of these assumptions. During the qualitative in-depth interviews, an open-ended questionnaire was utilised to elicit perceived factors from respondents. The reason for using an open ended questionnaire was to allow the researcher to continuously probe respondents in order to add meaning to the information being obtained. As a result of its unstructured nature, this qualitative research allowed for areas not considered important prior to the interviews to still be covered, and for the focus of the discussion to be adjusted if necessary. This ensured important areas were not omitted when designing the structured quantitative questionnaire.

3.4. QUESTIONNAIRE DESIGN:

3.4.1. Second stage study:

During the second stage, a quantitative exploration (in the form of a questionnaire) based on the information gained from the qualitative interviews and the literature review was conducted.

Information obtained from the qualitative open-ended questionnaires can be compared to the findings of the quantitative questionnaire and the differences explored if necessary. This could form the basis for further research.

This questionnaire, to be used for quantitative data collection, was distributed to the sample described above and covered the following areas:

- **Section one** contained questions that were aimed at extracting demographic information from the individuals answering the questionnaire.

- **Section two** contained statements of what employees are measured and rewarded on in general. These statements were constructed from issues that emerged during stage one of the study, as well as factors elicited from the literature review.

- **Section three** contained statements pertaining to the inclusion of customer orientation as a criteria of measurement / assessment in the performance management process. These statements were constructed from factors that emerged during stage one of the study, as well as factors elicited from the literature review.

- **Section four** contained statements pertaining to the reward and recognition of a customer orientation in the form of bonuses and/or as a component of remuneration.

- **Section five** contained twelve statements pertaining to client retention and long term profitability focus.

- **Section six** contained a twenty one item customer orientation scale developed by Narver and Slater (1990). This scale was used to measure the level of market orientation of the selected banking treasury environments.

For sections two, three and four of the questionnaire, a five-point Likert scale was used ranging from "strongly disagree" (a score of 1) to "strongly agree" (a score of 5).

For section five of the questionnaire, a seven-point Likert scale was used ranging from "the business unit does not engage in the practice at all" (a score of 1) to "the business unit engages in the practice to a very great extent" (a score of 7).

3.4.2. Pilot Study:

The questionnaire was first administered to a non-random convenience sample in order to establish whether:

- The vocabulary was simple, direct and familiar to respondents.
- Any of the words had vague or ambiguous meanings.
- Any of the statements were inapplicable to respondents.
- Any of the statements were potentially confusing.

The respondents were asked to provide comment and criticism on any or all of the statements and instructions, as well as the layout and structure of the questionnaire in its entirety. Thereafter the questionnaire was distributed to the larger sample.

3.5. ANALYSIS OF THE DATA:

Research Objective 1: Whether or not customer orientation is a criteria of measurement in the performance management process within the banking treasury environment.

Instrument: Questions 21-31 of section 3 of the questionnaire as well as selected questions from sections 2 and 4 of the questionnaire, utilising the 5 point Likert scale with statements and responses ranging from 'strongly disagree' (a score of 1) to 'strongly agree' (a score of 5).

Method of Analysis: Reversing the scores of all the negative statements to ensure they had a positive connotation. Calculation of the median, mean and the range. Analysis of variance to test the hypothesis that the three samples have the same means. Sheffe's test of multiple pairwise comparison of means to establish which means are not equal in order to determine which sample has the higher or lower mean value.

Research Objective 2: Whether or not customer orientation is rewarded.

Instrument: Questions 32-41 of section 4 of the questionnaire as well as selected questions from sections 2 and 3 of the questionnaire, utilising the 5 point Likert scale with statements and responses ranging from 'strongly agree' (a score of 1) to 'strongly disagree' (a score of 5).

Method of Analysis: Reversing the scores of all the negative statements to ensure they had a positive connotation. Calculation of the median, mean and the range. Analysis of variance to test the hypothesis that the three samples have the same means. Sheffe's test of multiple pairwise comparison of means to establish which means are not equal in order to determine which sample has the higher or lower mean value.

Research Objective 3: To ascertain what banking treasury employees are being measured and rewarded on.

Instrument: Questions 1-20 of section 2 of the questionnaire, utilising the 5 point Likert scale with statements and responses ranging from 'strongly disagree' (a score of 1) to 'strongly agree' (a score of 5).

Method of Analysis: Reversing the scores of all the negative statements to ensure they had a positive connotation. Calculate the medians for each question as well as establishing the range. Calculate the means.

Research Objective 4.1: To establish the level of customer orientation within the bank treasuries and compare that level to the measurement of customer orientation factors in the performance management process (objective 1).

Instrument: Questions 21-31 of section 3 of the questionnaire as well as selected questions from sections 2 and 4 of the questionnaire, utilising the 5 point Likert scale with statements and responses ranging from 'strongly disagree' (a score of 1) to 'strongly agree' (a score of 5). The six factors comprising the customer orientation component of the Narver and Slater market orientation scale, utilising a 7 point Likert scale with statements and responses ranging from a score of 1, "the business does not engage in the practice at all", to a score of 7, "the business unit engages in the practice to a very great extent".

Method of Analysis: Reversing the scores of all the negative statements to ensure they had a positive connotation. Spearman rank order correlation coefficient to measure the strength of the relationship between the two variables.

Research Objective 4.2: To establish the level of customer orientation within the bank treasuries and compare that level to the reward of customer orientation factors in the performance management process (objective 2).

Instrument: Questions 32-41 of section 4 of the questionnaire as well as selected questions from sections 2 and 3 of the questionnaire, utilising the 5 point Likert scale with statements and responses ranging from 'strongly agree' (a score of 1) to 'strongly disagree' (a score of 5). The six factors comprising the customer orientation component of the Narver and Slater market orientation scale, utilising a 7 point Likert scale with statements and responses ranging from a score of 1, "the business does not engage in the practice at all", to a score of 7, "the business unit engages in the practice to a very great extent".

Method of Analysis: Reversing the scores of all the negative statements to ensure they had a positive connotation. Spearman rank order correlation coefficient to measure the strength of the relationship between the two variables.

CHAPTER 4: RESULTS AND DISCUSSION OF RESULTS

4.1. RESPONSE RATE TO QUESTIONNAIRES:

A sample of 70 questionnaires was received from hand delivering 210 to the three banks in which this study was conducted. Of the 70 questionnaires received, 24 were from Bank A, 25 were received from Bank B and 21 were from Bank MB. (See Table 4.1 below). Bank A and Bank B are commercial banks, whilst Bank MB is a merchant bank.

Name of Bank	Number of Questionnaires Delivered:	Number of Responses	Number of Spoilt Questionnaires	Number of Questionnaires Used:	% Response Rate (Unspoilt questionnaires)
Commercial Bank A:	70	24	7	17	30%
Commercial Bank B:	70	25	3	22	33%
Merchant Bank MB:	70	21	10	11 & 10	16%
Total:	210	70	15	50 & 49	26%

Table 4.1: Response Rate to Questionnaires.

There was a reasonable amount of difficulty in obtaining a reasonably representative sample size. Unfortunately there is not really a large enough choice of South African financial institutions in which this study could be undertaken. Many did not respond to messages left requesting access for research purposes. The results of this study are therefore not representative of banks throughout the world.

The major objectives of the current research were to ascertain whether customer orientation is a criteria of measurement in terms of the performance management process within bank treasuries, whether or not customer orientation is supported in the performance management process in terms of appraisal and reward, and to ascertain what banking treasury employees are being measured on in general.

In order to achieve this, a triangulated research methodology was undertaken in order to combine both the quantitative and qualitative methodologies of research in an attempt to enhance the findings (Leedy, 1993). The initial phase of this triangulated study was to conduct pilot interviews with a top Treasury manager from each bank, as well as with an independent Treasury specialist. The questionnaire was then partly formulated from these interviews, for confirmation by the people answering the questionnaires.

4.2. CODE OF QUESTIONNAIRES:

Within each bank, each respondent was allocated a number. The score / response of each respondent within each bank, was listed for each question and then tabled, (see Appendices 1 and 2 for measuring customer orientation and rewarding customer orientation, respectively). For sections 2 to 5 of the questionnaire, the responses of either 1, 2, 3, 4, or 5 on the Likert scale, for each individual, were totaled from which a mean, median and a range was calculated. In the five point Likert scale, "1" indicates "strongly disagree" and "5" indicates "strongly agree" (see Table 4.2).

The mean, median and range were then calculated to determine the findings of objective 1, objective 2 and objective 3.

Number:	Meaning on 5-point Likert Scale:
1	Strongly disagree
2	Disagree
3	Neither agree nor disagree
4	Agree
5	Strongly agree

Table 4.2: Descriptors of the 5-point Likert scale.

The same process with regard to the numbering of respondents and gathering of responses was utilised for section 6 of the questionnaire. Section 6 of the questionnaire comprised 21 questions pertaining to market orientation on a 1 to 7-point Likert scale as per Narver and Slater specifications, with "1" indicating "the business does not engage in the practice at all", and "7" indicating "the business unit engages in the practice to a very great extent". These were polar descriptors, with no descriptors inbetween (see Table 4.3).

Number:	Meaning on 7-point Likert scale:
1	The business does not engage in the practice at all.
7	The business unit engages in the practice to a very great extent.

Table 4.3: Descriptors of the 7-point Likert scale as determined by Narver and Slater (1990).

A Spearman rank-order correlation coefficient was then calculated to establish the strength of the relationships between the two sets of variables: firstly, for the measurement of customer orientation factors against the level of customer orientation, and secondly, whether or not customer orientation is rewarded against the customer orientation level (objectives 4.1 and 4.2).

4.3. SPEARMAN'S RANK-ORDER CORRELATION COEFFICIENT (R'):

Willemse (1994: 195 -196) states that "this coefficient measures the strength of the relationship between two variables on the basis of their ranks instead of other values". It can be interpreted in a manner similar to a simple correlation coefficient, but has the advantage that it can be used in problems where items can be ranked even though they cannot be measured on a numerical scale. A limitation is that a great deal of information gets lost, due to ranks and not original data being used, resulting in a less reliable result (Willemse, 1994). The Spearman test had to be utilised as the data being measured was ordinal. The measure is based on a scale between -1 and +1. "If there is no relationship between x and y, then $r = 0$. The strength of the correlation is not dependent on direction. Coefficients of 0.95 and -0.95 are equal in strength" (Willemse, 1994: 188).

4.3.1. Steps in calculating r':

- The x and y variables are ranked by arranging the data in order and numbering them. The data was ranked from the lowest rank to the highest rank for both x and y. If two values were the same, they were first assigned ranks (for example 2 and 3) and then the average of the ranks was determined (in the case of the example, 2.5). That average was then assigned to each appropriate value.
- The difference between ranks of the two variables for each set of values (d), was then calculated.
- These differences were squared (d^2).
- These squared differences were summed and the following formula applied to compute the rank-order correlation coefficient.

$$r' = 1 - \frac{6\sum d^2}{n(n^2-1)}$$

- The coefficient was then interpreted.

Once Spearman's rank-order correlation coefficient had been calculated, there was a need to establish the significance of the variances. This was achieved by utilising the analysis of variance (ANOVA) technique. ANOVA was utilised to test the hypothesis that the three samples had the same means (Willemse, 1994).

4.4. PROCEDURE FOR ANOVA (Willemse, 1990):

Firstly, the null (H_o) and alternative hypothesis (H_a) were stated:

$H_o : \mu_A = \mu_B = \mu_{MB}$

H_a : One or more of the population means is not equal to the others.

The level of significance chosen, as a criterion for rejection of the H_0, was 0.05.

The F-distribution was used to identify the acceptance and rejection region for H_O. The F-distribution is a whole family of positively skewed distribution, each identified by a pair of degrees of freedom. The first number refers to the number of degrees of freedom in the numerator of the F-ratio and the second to the degrees of freedom in the denominator. The test is based on a comparison of two different ways to estimate the overall population variance, namely:

- The between group variance (V_B) which measures the differences between the sample mean of each group (*) and the grand or overall mean (*); and
- the within group variance (V_W) which measures the variation of each value from the mean of its own group and averages these differences over all the groups (Willemse, 1994).

df in the numerator = Number of samples -1

$= k - 1$

df in the denominator = Total sample size - k

$= \sum n - k$

The critical F-value was obtained from the F-table for the 0.05 level of significance.

The value of the test statistic was then computed by making use of the ANOVA technique.

$$\text{F-ratio} = \frac{V_B}{V_W}$$

Due to the H_0 of equal means having been rejected, a multiple pairwise comparison of means was undertaken utilising Sheffe's test (Willemse, 1994). A multiple pairwise comparison of means enables one to determine which means are not equal in order to decide which group has the higher or lower mean value. Sheffe's comparison of means test is one of the most conservative available, requiring only the use of the F-tables. For the difference to be declared significant the absolute difference between two sample means must exceed the critical difference (CD), (Willemse, 1994).

4.5. THE STEPS IN SHEFFE'S MULTIPLE PAIRWISE COMPARISON OF MEANS TEST (Willemse, 1990):

1. A matrix was prepared showing the mean of each sample in ascending order of magnitude as well as the absolute difference between pairs of means.
2. The F_α value from the F-table was found using $df_1 = k - 1$ and $df_2 = \sum n - k$
3. The critical difference was then found:

$$CD = \sqrt{(k-1)\,(F_{\alpha;\,k-1;\,\sum n-k})} \,.\, \sqrt{V_W \,.\, \frac{1}{ni} + \frac{1}{nj}}$$

where ni and nj are the sizes of the two samples.

4. Each absolute difference was then compared with the CD. If the absolute difference exceeds CD, it can be concluded that the difference between the pairs of means is significant (Willemse, 1994).

4.6. MARKET ORIENTATION (NARVER AND SLATER, 1990):

As this study is investigating the measurement and reward of customer orientation in bank treasuries, it was necessary to utilise a marketing scale which could be used to measure the level of customer orientation. The Narver and Slater Market Orientation Scale (1990) measures the level of market orientation within an organisational culture. Customer orientation is one of the components of market orientation (see Table 4.4). As a strategic philosophy, "a market orientation most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers and, thus, continuous superior performance for the business" (Narver and Slater 1990, p.21).

For the purposes of this study, only the first six customer orientation factors (see Table 4.4), were utilised to ascertain the level of customer orientation within the bank treasuries.

Market orientation consists of three behavioural components, namely customer orientation, competitor orientation and interfunctional coordination , and two decision criteria, namely long term focus and profitability.

Factor:	Type of orientation	Behavioural component/ decision criteria:
1. customer commitment	Customer orientation.	Behavioural criteria
2. create customer value		
3. understand customer needs.		
4. customer satisfaction objectives.		
5. measure customer satisfaction.		
6. after-sales service.		
7. salespeople share competitor information.	Competitor orientation.	
8. respond rapidly to competitor's actions.		
9. top managers discuss competitor's strategies.		
10. target opportunities for competitive advantage.		
11. interfunctional customer calls.	Interfunctional coordination.	
12. information shared amongst functions.		
13. functional integration in strategy.		
14. all functions contribute to customer value.		
15. share resources with other business units.		
16. quarterly profits are primary objective.	Long-term focus.	Decision criteria.
17. require rapid payback.		
18. positive margin in long-term.		
19. profit performance measured market by market.	Profit emphasis.	
20. top managers emphasise market performance.		
21. all products must be profitable.		

Table 4.4: The Market Orientation Scale (Narver and Slater, 1990).

For the purposes of this study, customer orientation is the sufficient understanding of one's target buyers to be able to create superior value for them continuously. It requires the seller know the buyer's entire value chain (Narver and Slater, 1990). The final Narver and Slater scale as developed by them, is composed of 15 behavioural items scored on a 7-point Likert scale ranging from "the business does not engage in Indices for the behavioural components are derived by summing the item scores within components and dividing by the number of items in the component. An overall market orientation index is derived by averaging the items scores across all the items of the three behavioural components. the practice at all" (1) to "the business unit engages in the practice to a very great extent" (7) (see Table 4.5). The last two components (viz., long term focus and profitability) comprising 6 factors of the scale, which are decision criteria, were excluded from analyses as they exhibited low levels of internal consistency (Narver and Slater, 1990).

Only the customer orientation portion, comprising the first 6 factors, was utilised for the findings of this study.

Number:	Meaning on 7-point Likert scale:
1	The business does not engage in the practice at all.
7	The business unit engages in the practice to a very great extent.

Table 4.5: Descriptors of the 7-point Likert scale as determined by Narver and Slater (1990).

As "1" and "7" were the only descriptors given for the 7-point Narver and Slater scale, one would have to apply ones own interpretation of the between descriptors, that is numbers 2 to 6. In order to facilitate a qualitative understanding of the differences between research findings, as it is not by chance that the mean and median results are different, it is logical to formulate descriptors which the reader could conceive in their mind (see Table 4.6).

Number on Likert Scale:	Descriptor:	Formulated by:
1	The business does not engage in the practice at all.	Narver and Slater (1990).
2	The business does not engage in the practice.	Researchers interpretation.
3	The business has not considered engaging in this practice.	Researchers interpretation.
4	The business is neutral with regard to this practice.	Researchers interpretation.
5	The business unit engages in the practice to an extent.	Researchers interpretation.
6	The business unit engages in the practice to a great extent.	Researchers interpretation.
7	The business unit engages in the practice to a very great extent.	Narver and Slater (1990).

Table 4.6: Researchers interpretation of the between descriptors of the Narver and Slater Scale (1990) in order to determine qualitative differences.

4.7. Findings of objective 1: Whether or not customer orientation is included as a criteria of measurement in the performance management process within the banking treasury environment.

In terms of objective one, whether or not customer orientation is included as a criteria of measurement in the performance management process within the banking treasury environment, the methodology to establish the findings is as follows:

- all the questions which related to the measurement of customer orientation from sections 2, 3 and 4 of the questionnaire, were extracted and are as follows: questions 2, 3, 4a, 4b, 6, 7, 8a, 8b, 9, 21a, 22a, 23a, 24a, 25a, 26a, 27a, 28, and 29 (see Appendix 2).
- Those questions which in the questionnaire were worded negatively had their scoring reversed in order that all scores computed had a positive connotation.
- The mean, median and range for each question across the sample within each bank was determined.
- In order to establish whether the difference in results between each bank was significant, the ANOVA technique was utilised to test the null hypothesis that the three samples have the same means. The null hypothesis was rejected.
- In order to establish which means are not equal, to determine which group has the higher or lower mean value (Willemse, 1994), Sheffe's test of multiple pairwise comparison of means was used.

4.8. SUMMARY OF FINDINGS FOR OBJECTIVE 1: THE MEASUREMENT OF CUSTOMER ORIENTATION FACTORS AS PART OF THE PERFORMANCE MANAGEMENT PROCESS.

In terms of performance management, the responses at the pilot interviews at the two commercial banks (Bank A and Bank B) indicated that customer orientation factors were focused on as part of the performance management process. In contrast, the senior treasury manager interviewed at the merchant bank (Bank MB) indicated the measurement of customer orientation factors, as part of the performance management process, was an area needing improvement. However, irrespective of their views on customer orientation, all three Treasury managers interviewed, stated that the most important factor of performance management was the creation of profit for the bank. This was borne out in the research with question 32, which reads: "When doing deals for clients, it is my objective to make a profit for the bank". For Bank A this had a median score of 4 (agreement to the statement) and a range of 3 (indicating medium levels of agreement from respondents), whilst both Bank B and for Bank MB had a median score of 5 (indicating strong agreement to the statement) and a range of 2 (indicating agreement amongst respondents).

The creation of profit for the bank appears to be measured on a continual basis, whereas it appears, from the pilot interviews conducted, that the measurement of customer orientation factors as part of the performance management process is sporadic (at annual / biannual performance appraisal time) and is not given as much emphasis on an ongoing basis. Effective performance management requires that performance requirements are agreed and then managed throughout the year (Armstrong, 1994). Table 4.7 gives an indication of the findings of the research, in terms of the median.

Objective 1:	Total median score across 19 questions:	Average median score:	Rounded score on 5-point Likert scale:
Bank A	65	3.42	3.5
Bank B	75	3.90	4
Bank MB	66	3.47	3.5

Table 4.7: Median scores related to the measurement of customer orientation in the performance management process.

The methodology used to calculate the data shown in Table 4.7 (median scores related to the measurement of customer orientation in the performance management process) is as follows:

- The data for each of the 19 questions was arranged in ascending order (Willemse, 1994).
- The position of the median was determined by utilising the following formula (Willemse, 1994):

$$\text{Median position} = \frac{n+1}{2}$$

- In each bank the median for each question was added together to obtain a total median score across the 19 questions.
- The total median score was divided by 19 (there are 19 questions pertaining to the measurement of customer orientation) to obtain an average median score.
- The average median score was then rounded up or down to obtain a number from which a qualitative comparison to the 5-point Likert scale could be made.
- The range was then determined. The range is the difference between the highest and lowest values in a set of data and is used to measure the difference across the entire set of data (Willemse, 1994). In this research the range was used to determine the level of agreement of the respondents. If the range was large (in this study 4 or 5) the researcher could determine that the range of views was wide. If the range was small (in this study 1 or 2) the researcher could determine that the

respondents shared similar or the same view. A range of 3 could be determined as medium.

- Finally, the arithmetic mean was also determined as a measure of central tendency (Willemse, 1994). To overcome the fact that the mean can be affected by extreme values, the median (as discussed above) was also calculated as the median is not affected by extreme values. As the data was ungrouped, the following formula was used to determine the arithmetic mean (Willemse, 1994):

$$\bar{x} = \frac{\Sigma x}{n}$$

The meanings of the 5-point Likert scale are as follows (see Table 4.8):

Number:	Meaning on 5-point Likert Scale:
1	Strongly disagree
2	Disagree
3	Neither agree nor disagree
4	Agree
5	Strongly agree

Table 4.8: Descriptors of the 5-point Likert scale.

4.8.1. FINDINGS OF THE MEDIAN:

The findings of the median would indicate that Bank B had the highest results in terms of measuring customer orientation, Bank MB was second, with Bank A taking up the rear (see Table 4.9). Armstrong (1994) states that performance management processes are there to support the achievement of the strategies by ensuring action plans are prepared which will allow the strategy to be implemented. The findings of the median scores would generally indicate that the respondents in both Bank A and Bank MB are somewhere between 'neither agreeing nor disagreeing' and 'agreeing' that customer orientation factors are measured as part of the performance management process. (For qualitative analysis reasons, and because both the banks results are below 3.5, they have been categorised as a 3 in the discussion). In contrast, respondents from Bank B agree that customer orientation principles are measured as part of the customer orientation process.

Bank:	Total of median scores across 19 questions:	Average median across 19 questions:	Rounded median:
Bank A	65	3.42	3.5
Bank B	75	3.90	4
Bank MB	66	3.47	3.5

Table 4.9: Median scores related to the measurement of customer orientation factors in the performance management process.

The findings of the median scores for Bank A tended to be disparate with the findings of the pilot interview conducted. A comparison of, and reasons for the disparity will be discussed under the findings of Bank A. For Bank B, the findings of the pilot interview tend to be consistent with the findings of the research. At Bank MB, the senior treasury manager interviewed indicated that the performance management of customer orientation factors needed improvement. This was confirmed by the findings of the research.

A general finding across all three banks with regards to median scores for question 9, "In my performance management process, I am assessed on my ability to maximise investments for clients, Bank A and Bank B had a median score of 3 (which indicates that the respondents neither agree nor disagree with the statement) and Bank MB had a median score of 2 (indicating disagreement from the respondents with regard to the statement). For customer orientation to be adopted as a competitive strategy, this view will have to change. The findings of question 9, in terms of customer orientation are given further significance when considers the findings of question 10 which reads: "In my performance management process, I am assessed on my ability to maximise investments for the bank". In all three banks this had a median score of 4, indicating agreement to the statement by the respondents.

(More details pertaining to each individual bank will be discussed under the findings for each bank. See also Appendix 2 for the median scores for each question).

In the performance management process (Armstrong, 1994), planning, programming, budgeting, feedback and rewarding make up the vital nervous system that direct and transmit signals to employees throughout the organisation and stimulate its movements towards its chosen objectives. If customer orientation is to become a matter of strategic importance, the creation of profit for the bank will need to be balanced with a greater emphasis on customer orientation factors. This would not be an easy process - requiring a culture change which could be facilitated by the inclusion of customer orientation factors in the performance management process. In terms of long term profitability, the inclusion of customer orientation factors in the performance management process should be considered due to the advent or return of many foreign banks to South Africa. The implication of this is, the same size pie needs to be divided between more players. To ensure they retain their existing clients, bank treasuries will have to evolve a strategy to facilitate this. An holistic performance management process, incorporating the 6 customer orientation factors could be such a tool.

4.8.2. FINDINGS OF THE RANGE:

In order to facilitate a qualitative understanding of the differences between the range scores, the researcher formulated descriptors which the reader could relate in their mind (see Table 4.10).

Range score:	Descriptor:
1.	Strong agreement amongst respondents.
2.	Agreement amongst respondents.
3.	Medium levels of agreement amongst respondents.
4.	Disagreement amongst respondents.
5.	Strong disagreement amongst respondents

Table 4.10: Qualitative range descriptors developed by the researcher.

When one considers the response range from the three banks (see Table 4.11), after establishing an average range score for each bank and then rounding the range score either up or down, the range of 3 is common to all three banks. This would indicate medium agreement from the respondents in terms of the results obtained. The range for each question in each bank can be found in Appendix 2. More discussion on the range results will be given under the findings of each bank.

Bank:	Total of range scores across 19 questions:	Average range across 19 questions:	Rounded range:
Bank A	58	3	3
Bank B	50	2.6	3
Bank MB	50	2.6	3

Table 4.11: Range scores.

The methodology of calculation to determine the range scores shown in Table 4.9 is as follows:

- The range for each of the nineteen questions pertaining to the measurement of customer orientation as part of the performance management process was determined for each.
- The ranges across the nineteen questions were summed for each bank.
- The total range was divided by 19 to obtain an average range for each bank.
- The average range was rounded up or down in order that a qualitative comparison between the banks could be made.

4.8.3. FINDINGS RELATED TO THE ARITHMETIC MEAN:

The findings of the mean indicate slight differences to the median results when one relates them back to the 5-point Likert scale. This difference could be as a result of extreme values that are not representative of the set as a whole. The median is a better measure of central tendency and is not as strongly affected by extreme values as is the mean (Willemse, 1994). The findings of the median are therefore more persuasive. When one compares the findings of the mean (see Table 4.12) to those of the median (refer back to Table 4.8) after rounding up or down, Bank A and Bank B have the same result for each with scores of 3 and 4 respectively, whilst Bank MB has a score of 3 for the median and a score of 4 for the mean.

Bank:	Mean respondent total score:	Mean score per question:	Rounded mean score:
Bank A	64	3.4	3
Bank B	72	3.8	4
Bank MB	67.5	3.6	4

Table 4.12: Mean results.

The methodology used to determine the figures for Table 4.12 is as follows:

- A total score for each respondent, in each bank, was determined by summing their response to each question pertaining to the measurement of customer orientation as part of the performance management process.
- These respondent totals were then summed to obtain a grand total for each bank.
- The grand total for each bank was then divided by the sample size (n) for each bank to obtain a mean total score.
- The mean score for each bank was then divided by 19 (as there are nineteen questions pertaining to the measurement of customer orientation as part of the performance management process) to obtain a mean score per question across the sample.

- The mean question score was then rounded up or down in order that a qualitative comparison to the 5-point Lik scale could be made.

4.9. FINDINGS B/ .NK A FOR OBJECTIVE 1: THE MEASUREMENT OF CUSTOMER ORIENTATION FACTORS AS PART OF THE PERFORMANCE MANAGEMENT PROCESS.

4.9.1. Median and range results in Bank A (see Appendix 2):

When one looks at the median, there were a total of nine questions which had a median of 4 which would indicate agreement with the question when compared with the descriptors of the 5-point Likert scale (see Table 4.14), there were nine questions with a median of 3 and one question with a median of 2 .

Number:	Meaning on 5-point Likert Scale:
1	Strongly disagree
2	Disagree
3	Neither agree nor disagree
4	Agree
5	Strongly agree

Table 4.14: Descriptors of the 5-point Likert scale.

When looking at the range results to establish conformance amongst respondents, four questions had a range of 4 (see Table 4.15 for descriptors) indicating a wide range of responses and therefore lack of agreement amongst respondents, twelve questions had a range of 3, and two questions had a range of 2 indicating agreement.

Range score:	Descriptor:
1.	Strong agreement amongst respondents.
2.	Agreement amongst respondents.
3.	Medium levels of agreement amongst respondents.
4.	Disagreement amongst respondents.
5.	Strong disagreement amongst respondents

Table 4.15: Qualitative range descriptors developed by the researcher.

Comment needs to be made on the following questions and their median and range results:

At Bank A, the senior treasury manager interviewed indicated that individuals were appraised on some, if not all, customer orientation factors. The findings of the median scores for Bank A tend differ slightly with the findings of the pilot interview conducted. The research indicates that respondents were neutral in that they neither agreed nor disagreed that customer orientation factors are measured as part of the performance management process (see Table 4.16). The senior treasury manager interviewed stated that customer orientation factors were considered and measured as part of the performance management process. Customer orientation may not be fully in practice as an organisational objective at Bank A. Management therefore need to make it clear what their organisational objectives are (Armstrong, 1994). At Bank A it would seem there is a need for greater communication of goals and objectives of the organisation. These goals and objec. .s must be translated from top management down. Management may espouse a culture of customer orientation but this needs to be vigorously communicated. To truly embrace a customer orientation, all the factors pertaining to customer orientation would need to be given emphasis on an ongoing basis throughout the year. This would most probably require a culture change. Armstrong (1994) states that in order to move in a specific direction and in order to integrate objectives, performance management as a process can be used as a lever for change.

Objective 1:	Total median score across 19 questions:	Average median score:	Rounded score on 5-point Likert scale:
Bank A	65	3.42	3.5

Table 4.16: Median scores related to the measurement of customer orientation in the performance management process at Bank A.

Respondents indicated that they were measured on their ability to retain clients, good customer relations with external clients and good interpersonal skills with internal and external clients. All three questions had a median of 4 and a range of 3. These are all positive customer orientation attributes.

During the pilot interview, it was indicated that profit is regarded as the most important factor of measurement throughout the year. This is supported in the research findings of question 1,

"I am assessed on the profit I make for the bank",

which had a median score of 4 and a range of 4, as well as question 20, "I am measured on my ability to maximise investments for the bank".

Questions 27a and 28 had the highest median scores and narrowest ranges in Bank A, both with a median of 4 (indicating agreement to the statement) and a range of 2 (indicating agreement amongst respondents). Question 27a, which was negatively phrased (scoring reversed to reflect a positive connotation),

"My manager would ignore the fact that I lost a long standing and valuable client due to an error on my part" (see Appendix 1),

can be linked to question 28,

"My manager would be aware of the fact I lost a long standing and valuable client".

This result would indicate an awareness of the customer and the need to take care of them, but one is not able to determine if this is as a result of consideration for the needs of the client, or as a result of loss of profit creation potential.

Question 29a, "Clients provide input to the evaluation of my performance", had the lowest score with a median of 2 and a range of 3. A principle of customer orientation is that the customer does provide input into the evaluation of the employee. This result was the same for all three banks. The current trend to utilise 360 degree assessments, has the advantage of obtaining different perspectives in performance and can add value (Armstrong, 1994).

4.10. FINDINGS BANK B FOR OBJECTIVE 1:

The pilot interview suggested that individuals were appraised on some, if not all, customer orientation factors. The results of the median and the mean would confirm this (see Table 4.17).

Objective 1:	Total median score across 19 questions:	Average median score:	Rounded score on 5-point Likert scale:
Bank B	75	3.9	4

Table 4.17: Median scores r... measurement of customer orientation in the performance manageme... ...k B.

4.10.1. Median and range resul... Ba... Appendix 2):

When one looks at the median, there are three questions which have a median of 5 indicating strong agreement when compared with the descriptors of the 5-point Likert scale (see Table 4.18), there are thirteen questions with a median of 4, two questions with a median of 3 and one question with a median of 2.

Number:	Meaning on 5-point Likert Scale:
1	Strongly disagree
2	Disagree
3	Neither agree nor disagree
4	Agree
5	Strongly agree

Table 4.18: Descriptors of the 5-point Likert scale.

When looking at the range results to establish levels of agreement amongst respondents, three questions had a range of 1, indicating strong agreement amongst respondents (see Table 4.19), five questions had a range of 2 (indicating agreement amongst respondents), seven questions had a range of 3 (medium levels of agreement), and four questions had a range of 4 (indicating disagreement amongst respondents).

The findings of the median and the range at Bank B indicate that good customer relations with external clients and the ability to retain good customer relations, has strong agreement from respondents that it is included as a criteria of measurement in the performance management process. This is supported by questions 2 and 25a respectively, both of which had a median of 5 and a range of 1.

The score on question 7 which bodes well for customer orientation at Bank B, is question 7 which reads:

"In my performance management process, I am not assessed on my ability to know my external clients needs and advise them on financial products which would suit their needs".

As this question was negatively phrased, its scoring was reversed to imply a positive connotation. The median score for this question for Bank B was 5 (indicating strong agreement to the statement) with a range of 2 (indicating agreement from the respondents) but appears anomalous when compared with the findings of the other two banks, Bank A and Bank MB, who both had a median score of 3 and a range of 3 and 4 respectively.

Ability to advise clients of new financial products (question 6), also scored higher at Bank B (a median of 4 and a range of 2) than at Bank A (a median of 3 and a range of 4) and Bank MB (a median of 3 and a range of 2). According to the respondents at Bank B, emphasis is also placed on good interpersonal skills with external clients, as highlighted in question 4b, for which the median has a score of 4 with a range of 1.

Range score:	Descriptor:
1.	Strong agreement amongst respondants.
2.	Agreement amongst respondents.
3.	Medium levels of agreement amongst respondents.
4.	Disagreement amongst respondents.
5.	Strong disagreement amongst respondents

Table 4.19: Qualitative range descriptors developed by the researcher.

Bank B also seems to place emphasis on the ability to develop, supply or create financial products for clients based on their specific needs. This is borne out in the responses to questions 6 and 23a, the responses to which both have a median of 4 and a range of 2.

It would appear that Bank B has initiated the process of implementing customer orientation as a strategy within their organisation, supported by measurement of those factors in their performance management process. An organisation creates value for customers by understanding what their customers want now, as well as what they may want in the future (Narver and Slater, 1990). Specifically, customer orientation is the sufficient understanding of one's target buyers to be able to create superior value for them continuously. An organisation needs to understand its customers entire value chain, not only as it is today but also as it will evolve over time subject to internal and market dynamics (Day and Wensley, 1988).

As with Bank A, the lowest median and range score for Bank B was for question 29a which states the need for input from the customer when it comes to evaluation of the employee. The scores are identical with a median of 2 and a range of 3.

4.11. FINDINGS MERCHANT BANK MB FOR OBJECTIVE 1:

The sample from which data could be obtained for this bank was reduced, as there were quite a few spoilt questionnaires. The sample size for this bank for objective one is 10, whilst for objective two, it is 11.

The pilot interview suggested that individuals are appraised on some, if not all, customer orientation factors, with the senior treasury manager stating there was definitely need for improvement in this area. The results of the mean and the median would confirm this (see Table 4.20).

Objective 1:	Total median score across 19 questions:	Average median score:	Rounded score on 5-point Likert scale:
Bank MB	66	3.47	3

Table 4.20: Median scores related to the measurement of customer orientation in the performance management process at Bank MB.

4.11.1. Median and range results in Bank MB (see Appendix 2):

When one looks at the median, there was one question which had a median of 5, which when compared to the 5-point Likert scale (see Table 4.21) indicates strong agreement, ten questions which had a median of 4, five questions which had a median of 3 (which indicates the respondents neither agree nor disagree with the statements) and three questions which had a median of 2.

Number:	Meaning on 5-point Likert Scale:
1	Strongly disagree
2	Disagree
3	Neither agree nor disagree
4	Agree
5	Strongly agree

Table 4.21: Descriptors of the 5-point Likert scale.

When looking at the range results to establish agreement amongst respondents (see Table 4.22 for descriptors of range scores), three questions had a range of 4 (indicating disagreement amongst respondents), eight questions had a range of 3 and eignt questions had a range of 2.

Range score:	Descriptor:
1.	Strong agreement amongst respondents.
2.	Agreement amongst respondents.
3.	Medium levels of agreement amongst respondents.
4.	Disagreement amongst respondents.
5.	Strong disagreement amongst respondents

Table 4.22: Qualitative range descriptors developed by the researcher.

The research indicates that Bank MB place emphasis on good customer relations with external clients as indicated in the findings of question 2 for which the median score is 5 and with a range of 2.

Good interpersonal skills with both internal and external clients are important, as is the ability to market and create new products. All three of these questions (4a, 4b and 5 respectively) had a median of 4 and a range of 2. All of these factors are key components of customer orientation and are measured in the Narver and Slater Market Orientation Scale (1990). An organisation needs to coordinate the utilisation of resources in order to create value for the customer (Porter, 1985). Good communication, both internally and externally would facilitate this.

The statements with which the respondents at Bank MB disagreed with, were question 8a, the need to educate clients on investing (with a median of 2 and a range of 4), question 9, the need to maximise investments for clients (with a median of 2 and a range of 3) and as with Bank A and Bank B, question 29a, the client providing input to the evaluation of the employee (a median of 2 and a range of 3).

As the 1995 *Euromoney* survey of customers indicated, as far as corporate treasurers are concerned, the quality of relationships has overtaken price as the most important factor for determining choice of bank. This is most probably as a result of several scares, such as the Barings Bank disaster, as well as banks entering into financial deals on behalf of the client without the corporate treasurer having a full understanding of the risk involved, resulting in a substantial financial loss to the client. The pilot interview conducted with the external treasury consultant, who has had experience in both bank treasuries and corporate treasuries, indicated that dealers in bank treasuries very often do not lock into the needs of the customer due to pressure and time constraints within the dealing room. This is however, not acceptable to the corporate treasurer who does not want to be pressured by time elements and who as a result of time pressure from the bank dealer, may enter into a deal without a full understanding of the risk involved. Bank treasuries need to lock into the needs of the customer and provide them with products which suit their needs. Customer orientation forms part of market orientation in which profitability / the creation of economic wealth is an overriding objective. Performance management in its turn, is a vehicle by which strategic intent can be achieved (Armstrong, 1994).

4.12. FINDINGS OF THE ANOVA TECHNIQUE: TO ESTABLISH THE SIGNIFICANCE OF THE DIFFERENCES BETWEEN THE THREE BANKS IN TERMS OF THE MEASUREMENT OF CUSTOMER ORIENTATION AS PART OF THE PERFORMANCE MANAGEMENT PROCESS.

In order to establish the significance of the differences between the samples at Bank A, Bank B and Bank MB, the ANOVA technique was used to test the H_O that the three samples had the same means, that is

$$H_O: \mu_A = \mu_B = \mu_{MB}$$

Table 4.23 contains the data used to establish the acceptance or rejection of the hypothesis.

ANOVA for Objective 1:	Bank A	Bank B	Bank B	Grand total for all 3 banks
Total score from questionnaire findings:	1088	1584	675	3347
Sample size (n):	17	22	10	49
Mean ($\bar{x}$):	64	72	67.5	68.31
Variance (s^2):	58.38	56.76	117.39	-

Table 4.23: Data used in ANOVA test for objective 1.

4.12.1. Steps in ANOVA: Objective 1 (Willemse, 1994, p174).

1. The null (H_O) and alternative (H_a) were stated.

   $H_O: \mu_A = \mu_B = \mu_{MB}$

   H_a: One or more of the population means is not equal to the others.

2. The level of significance (0.05) was selected as a criterion for rejection of the H_O.

3. The F-distribution to identify the acceptance and rejection region for H_O, was used.

   The F-distribution is identified by a pair of degrees of freedom. The first number refers to the number of degrees of freedom in the numerator, whilst the second number refers to the degrees of freedom in the denominator.

df in the numerator = Number of samples - 1

$= k - 1$

$= 2$

df in the denominator = Total sample size - k

$= \sum n - k$

$= 46$

This test, or ratio, is based on a comparison of two different ways to estimate the overall population variance, namely:

- The between group variance (V_B) which measures the differences between the sample mean of each group ($\bar{x}$) and the grand or overall mean $\bar{\bar{x}}$.
- The within group variance (V_W) which measures the variation of each value from the mean of its own group and averages these differences over all the groups.

The critical F-value is obtained from the F-table (Willemse, 1994, p309). The columns represent the number of degrees of freedom for the numerator and the rows represent the number of degrees of freedom for the denominator. The table sets the upper limit of the acceptance region. The F-value = 3.19

4. The value of the test statistic was then computed by making use of the ANOVA technique.

$$\text{F-ratio} = \frac{V_B}{V_W}$$

With :

V_B = estimate of population variance based on variance between sample means, and

V_W = estimate of population variance based on variance within samples.

i) The table of observations was set up.

ii) A mean for each sar ıle was completed.

iii) A 'total' mean was calculated.

iv) The variance (s^2) was calculated by squaring the standard deviation (s) for each sample.

v) V_B was determined, where

$$V_B = \frac{\sum n\,(\bar{x}-\bar{\bar{x}})^2}{k-1}$$

$$= 311.04$$

vi) V_W was determined, where

$$V_W = \frac{\sum (n-1)\,s^2}{\sum n-k}$$

$$= 69.19$$

The F-ratio was determined as being 4.5.

As 4.5 $\rangle$ 3.19 the H_O is rejected. It is likely that a difference does exist between one or more of the population means.

4.13. SHEFFE'S TEST OF MULTIPLE PAIRWISE COMPARISON OF MEANS (WILLEMSE 1994, P177).

Sheffe's test of multiple pairwise comparison of means (Willemse, 1994) was then conducted to establish which mean or means were not equal in order to decide which bank has the higher or lower mean value for objective 1, the level to which customer orientation is measured as part of the performance management process.

1. A matrix was prepared showing the mean of each sample in ascending order of magnitude as well as the absolute difference between pairs of means.
2. The F_α value from the F-table was found using $df_1 = k - 1$ and $df_2 = \sum n - k$
3. The critical difference was then found:

$$CD = \sqrt{(k-1)(F_{\alpha;\, k-1;\, \sum n - k})} \cdot \sqrt{V_W \cdot \left[\frac{1}{n_i} + \frac{1}{n_j}\right]}$$

where n_i and n_j are the sizes of the two samples.

Each absolute difference was then compared with the CD. If the absolute difference exceeds CD, it can be concluded that the difference is significant.

The findings indicate that for $H_0 : \mu_A = \mu_{MB}$, the absolute difference (3.5) $<$ critical difference (8.4). Willemse stated that "if the absolute difference exceeds the critical difference (CD), we can conclude that the difference between that pair of means is significant" (1994, p177). The difference between the findings of μ_A and μ_{MB} for objective 1, the level to which customer orientation is measured as part of the performance management process in Bank A and Bank MB, is not significant and H_0 is therefore accepted.

Likewise, the findings for $H_0 : \mu_B = \mu_{MB}$, with an absolute difference of 4.5 $<$ critical difference of 8.01, indicate that there is not a significant difference for objective 1, the level to which customer orientation is measured as part of the performance management process in Bank B and Bank MB, and H_0 is accepted.

For $H_0 : \mu_A = \mu_B$ however, since the absolute difference of 8 $>$ the critical difference of 6.79, there is a significant difference between the measurement of customer orientation as part of the performance management process in Bank A and Bank B and H_0 is rejected.

4.14. FINDINGS OF OBJECTIVE 2: WHETHER OR NOT CUSTOMER ORIENTATION IS REWARDED AS PART OF THE PERFORMANCE MANAGEMENT PROCESS.

In terms of objective two, whether or not customer orientation is rewarded as part of the bonus in the performance management process within the banking treasury environment, the following methodology was used to obtain the results:

- all the questions which related to the reward of customer orientation from sections 2, 3 and 4 of the questionnaire, were extracted and are as follows: questions

11,12,13,14,15,16,17,18,19,20,21b, 22b, 23b, 24b, 25b, 26b, 27b, 29b, 30b, and 31b (see Appendix 3).

- As with objective 1, those questions which in the questionnaire were worded negatively had their scoring reversed in order that all scores computed had a positive connotation

- The mean, median and range were determined for each question for the sample within each bank.

- In order to establish whether the difference in results was significant, the ANOVA technique was utilised to test the null hypothesis that the three samples have the same means. The null hypothesis was accepted.

4.14.1. SUMMARY OF FINDINGS FOR OBJECTIVE 2: WHETHER OR NOT CUSTOMER ORIENTATION IS REWARDED AS PART OF THE PERFORMANCE MANAGEMENT PROCESS.

With reference to the pilot interviews conducted at all three banks. it became apparent that in terms of bonuses paid out, the degree of reward which comes from qualitative elements is very low, which could potentially mean that employees do not pay attention to the qualitative aspects of performance management as they are not rewarded on these factors. The senior treasury managers interviewed indicated that the bonus calculation is <u>not</u> formula driven - figures are not slotted into a formula and a percentage of profit created paid out - it is very subjective in terms of both quantitative and qualitative factors (which for the purposes of this study constitute customer orientation factors). The bulk of the bonus is based on profit created either individually or as a team effort within a trading area / desk. The findings of the research indicate that respondents at both Bank A and Bank MB neither agree nor disagree that customer orientation factors are rewarded as part of the performance management process, whilst at Bank B, the research indicates that respondents are rewarded for customer orientation practices (see Table 4.24).

Bank:	Total of median scores across 20 questions:	Average median across 20 questions:	Rounded median:
Bank A	64	3.20	3
Bank B	75	3.75	4
Bank MB	65	3.25	3

Table 4.24: Median scores.

The method of calculation for the figures in Table 4.23 is the same as for the calculation of the figures of objective 1, shown in Table 4.9, and will therefore not be repeated.

Research at all three banks pertaining to question 29b, indicated that customers input into the evaluation of the respondents performance (which the findings of objective 1 indicated was not requested by the banks) is not considered when calculating the bonus. All three banks had a median of 2, indicating disagreement with the statement, and a range of 3, indicating a medium level of agreement amongst respondents (see Tables 4.25 and 4.26 for the respective descriptors).

Number:	Meaning on 5-point Likert Scale:
1	Strongly disagree
2	Disagree
3	Neither agree nor disagree
4	Agree
5	Strongly agree

Table 4.25: Descriptors of the 5-point Likert scale.

Range score:	Descriptor:
1.	Strong agreement amongst respondents.
2.	Agreement amongst respondents.
3.	Medium levels of agreement amongst respondents.
4.	Disagreement amongst respondents.
5.	Strong disagreement amongst respondents

Table 4.26: Qualitative range descriptors developed by the researcher.

From a customer orientation perspective, the scores on question 30b are a cause of concern. Responses indicate that should dealers lose money for a client, they neither agreed nor disagreed that it would be reflected in their bonus. This was the case in all three banks. Should they lose money for the bank however, (question 31b) this would be reflected in their bonus (all banks had a median score of 4). It should be noted that both question 30b and question 31b were phrased negatively and had their scoring reversed to reflect a positive connotation.

Amabile, Baker, Appelbaum, Beer, Kozlowski, Lebbey, McAdams, Stewart & Wolters (1993, p45) stated: "implementing a poorly designed or ill-suited incentive plan can do more harm than good because employees will inevitably receive mixed, even conflicting, messages from the organisation about its values and priorities, leading to confusion and frustration". To fully embrace a customer orientation strategy, what individuals are rewarded for, would need to be closely looked at to prevent incorrect signals being sent out to employees as to what the important criteria of measurement and reward are (Armstrong, 1994).

In terms of the range scores, respondents from all three banks appeared to display medium levels of agreement, or perhaps in this instance, uncertainty, when considering the reward of customer orientation (see Table 4.27). This is supportive of the findings of the pilot interviews which indicated the subjective nature of reward as part of the performance management process. In terms of both performance management principles and in order to fulfill customer orientation requirements, individuals should be measured and rewarded on key performance objectives as determined in the strategy of an organisation (Armstrong, 1994).

Bank:	Total of range scores across 20 questions:	Average range across 20 questions:	Rounded range:
Bank A	64	3.20	3
Bank B	75	3.75	4
Bank MB	65	3.25	3

Table 4.27: Range scores.

4.14.2. FINDINGS BANK A FOR OBJECTIVE 2: WHETHER OR NOT CUSTOMER ORIENTATION IS REWARDED AS PART OF THE PERFORMANCE MANAGEMENT PROCESS.

Bank:	Total of median scores across 20 questions:	Average median across 20 questions:	Rounded median:
Bank A	64	3.20	3

Table 4.28: Median scores.

The overall findings in Bank A would indicate the respondents neither agree nor disagree that customer orientation factors are rewarded as part of the performance management process (see Table 4.28). The findings of the pilot interview support the r where it was stated that the allocation of bonus / reward is very subjective in terms of qualitative aspects and in terms of profit creation, not driven by a formula into which figures can be slotted. Top management can help promote a customer orientation by changing reward systems from being completely finance based [which in the case of bank treasuries, is based ... profit creation], to being at least partly customer based (Spiro, 1994).

In Bank A, the research indicates that respondents are rewarded on the profit they make for the bank (question 11), their ability to retain good customer relations (question 25b) and their ability to maximise investments for the bank (question 20). It is interesting to note however, that respondents indicated that they neither agreed nor disagreed with question 20, that they are rewarded for maximising investments for the client.

In terms of the range, respondents in this sample seemed to have medium agreement, having a range of 3 across the median scores (see Table 4.29). Comments made under general would similarly apply to Bank A.

Bank:	Total of range scores across 20 questions:	Average range across 20 questions:	Rounded range:
Bank A	64	3.20	3

Table 4.29: Range scores.

For a breakdown of the median and range scores question by question, refer to Appendix 3.

4.14.3. FINDINGS BANK B FOR OBJECTIVE 2: WHETHER OR NOT CUSTOMER ORIENTATION IS REWARDED AS PART OF THE PERFORMANCE MANAGEMENT PROCESS.

Bank:	Total of median scores across 20 questions:	Average median across 20 questions:	Rounded median:
Bank B	75	3.75	4

Table 4.30: Median scores.

The overall findings for Bank B would indicate that respondents agree that customer orientation factors are rewarded as part of the performance management process (see

Table 4.30). Of the twenty questions pertaining to the reward of customer orientation, sixteen had median scores of 4. 'ndicating agreement, three had a median of 3 and one had a median of 2. In terms of levels of agreement by respondents, as determined by the range, three questions had a range of 2 (indicating agreement), eleven questions had a median of 3, (indicating medium levels of agreement) and four questions had a median of 4 (indicating disagreement). Across the sample however, the mean range was 3.15 implying medium levels of agreement from the respondents (see Table 4.29).

When on considers the questions with the highest score and the narrowest range, it is interesting to note that developing good customer relations with external clients, the ability to retain clients and the ability to market and create new business were regarded as most important by the respondents in terms of reward. All three of these questions (question 12, 13 and 15 respectively) had a median of 4 and a range of 2. By comparison, question 11 linked to reward for profit creation for the bank, came lower down on the list with a median of 4 and a range of 4.

As discussed in the general findings, respondents from Bank B indicated that clients to not provide input to their evaluation and reward (question 29b). This response had a median of 2 and a range of 3.

For a breakdown of the median and range scores question by question, refer to Appendix 3.

4.14.4. FINDINGS BANK MB FOR OBJECTIVE 2: WHETHER OR NOT CUSTOMER ORIENTATION FACTORS ARE REWARDED AS PART OF THE PERFORMANCE MANAGEMENT PROCESS.

Bank:	Total of median scores across 20 questions:	Average median across 20 questions:	Rounded median:
Bank MB	65	3.25	3

Table 4.31: Median scores.

The research indicates that at Bank MB eight questions had a median of 4, nine had a median of 3 and three questions had a median of 2. As with Bank A and Bank B, the rounded mean median score for Bank MB is 3 (indicating medium levels of agreement, or perhaps uncertainty) as to the key performance areas of respondents which are rewarded. The respondents at Bank MB indicate that profit creation is the most important criteria for reward (question 11). The results indicate a median of 4 (agreement to the statement) and a range of 1 (indicating strong agreement). Respondents at Bank MB neither agree nor disagree that: knowledge of external clients needs and ability to advise them on products to suit their needs (question 17) and advising clients of new financial products (question 16), are areas for which they are rewarded. Both questions had a median of 3 and a range of 3.

Bank:	Total of range scores across 20 questions:	Average range across 20 questions:	Rounded range:
Bank MB	65	3.25	3

Table 4.32: Range scores.

Referring to Table 4.32, at Bank MB there were 18 questions with a range of 3, and one each with a range of 4 and 1. As discussed earlier, it appears that respondents at Bank MB, as well as at Bank A, have an understanding of what they are rewarded for - the creation of profit for their respective banks, but they are uncertain of other factors (such as customer orientation factors) on which they are rewarded. As Amabile *et al.*, (1993) said, for pay to mean anything, it must be linked to performance. For this reason, customer orientation as a performance measurement linked to reward, should be a component of an Economic Value Added (EVA) scheme (which goes beyond the limitations of this study) the ultimate aim of which is to create shareholder value by the improvement of profitability, the growth of profitability and the withdrawal of resources from uneconomic activities. Reward systems could take into account the contribution of individuals to the long term profitability and interests of the bank, promoted by client retention and by good customer relationships. Immediate and quick profit may suit the bank treasury in the short term, but may not be beneficial in the long term in terms of client retention goals. By paying for inappropriate performance, there is a danger of promoting self interest instead of organisational commitment (Amabile *et al.*, 1993). Reward can potentially subvert systems as people do what is rewarded (Kohn, 1993). Plans that provide incentives for the wrong behaviour will produce the wrong results. It is therefore very important to reward and promote that which serves the long term interests of an organisation. Managers must learn how to harness and use the power of incentives to drive individual motivation and organisation effectiveness (Amabile *et al.*, 1993).

4.15. THE ANOVA TECHNIQUE (WILLEMSE, 1994): TO ESTABLISH THE SIGNIFICANCE OF THE DIFFERENCES BETWEEN THE BANKS IN TERMS OF THE REWARD OF CUSTOMER ORIENTATION AS PART OF THE PERFORMANCE MANAGEMENT PROCESS.

In order to establish the significance of the differences between the samples of Bank A, Bank B and Bank MB, in terms of the reward of customer orientation as part of the performance management process, the ANOVA technique was used to test the H_O that the three samples had the same means, that is

$$H_O: \mu_A = \mu_B = \mu_{MB}$$

The following Table contains the data used to establish the acceptance or rejection of the hypothesis.

ANOVA for Objective 1:	Bank A	Bank B	Bank B	Grand total for all 3 banks
Total score from questionnaire findings:	964	1381	659	3004
Sample size (n):	17	22	11	50
Mean (x):	57	63	60	60.08
Variance (s^2):	68.31	57	148.1	-

Table 4.33: Data used in ANOVA test for objective 2.

1. The null (H_O) and alternative (H_a) were stated.

$H_O: \mu_A = \mu_B = \mu_{MB}$

H_a: One or more of the population means is not equal to the others.

2. The level of significance (0.05) was selected as a criterion for rejection of the H_o .
3. The F-distribution to identify the acceptance and rejection region for H_o, was used. The F-distribution is identified by a pair of degrees of freedom. The first number refers to the number of degrees of freedom in the numerator, whilst the second number refers to the degrees of freedom in the denominator.

   df in the numerator = Number of samples - 1

   $$= k - 1$$

   df in the denominator = Total sample size - k

   $$= \sum n - k$$

This test, or ratio, is based on a comparison of two different ways to estimate the overall population variance, namely:

- The between group variance (V_B) which measures the differences between the sample mean of each group (x) and the grand or overall mean x.
- The within group variance (V_W) which measures the variation of each value from the mean of its own group and averages these differences over all the groups.

The critical F-value is obtained from the F-table (Willemse, 1994, p309). The columns represent the number of degrees of freedom for the numerator and the rows represent the number of degrees of freedom for the denominator. The table sets the upper limit of the acceptance region.

4. The value of the test statistic was then computed by making use of the ANOVA technique.

$$\text{F-ratio} = \frac{V_B}{V_W}$$

With :

V_B = estimate of population variance based on variance between sample means, and

V_W = estimate of population variance based on variance within samples.

i) The table of observations was set up.

ii) A mean for each sample was completed.

iii) A 'total' mean was calculated.

iv) The variance (s^2) was calculated by squaring the standard deviation (s) for each sample.

v) V_B was determined, where

$$V_B = \frac{\Sigma\, n\, (x-x)^2}{k-1}$$

$$= 311.04$$

vi) V_W was determined, where

$$V_W = \frac{\Sigma\, (n-1)\, s^2}{\Sigma\, n-k}$$

The F-ratio was determined as being 2.174.

As 2.174 < 3.19 (the F-value) the conclusion is that there is not sufficient evidence to indicate that one or more of the population means are not equal to the others (Willemse, 1993). The H_0 is therefore accepted.

4.16. FINDINGS OF OBJECTIVE 3: WHAT BANK TREASURY EMPLOYEES ARE BEING MEASURED AND REWARDED ON IN GENERAL.

In order to ascertain what Treasury staff are being measured and rewarded on in general, information gained from the pilot interviews with the senior Treasury managers, which had not pre ously been established from the literature review and other sources, was utilised in the questionnaire. To extract this information from the questionnaire, the following methodology was utilised:

- the responses for the relevant questions in section two were added question by question for each respondent and then each bank.
- The mean, median and the range for each question was calculated.
- In each bank the top three scores with the narrowest ranges, were selected and commented on.

The rating of the 5 point Likert scale ranged from "strongly disagree" (1) to "strongly agree" (5). The complete set of responses for both the performance management process in terms of measurement and reward can be found in Appendix 2 and Appendix 3 respectively. The highlights to that questionnaire are as follows:

4.16.1. FINDINGS IN BANK A FOR OBJECTIVE 3: WHAT EMPLOYEES ARE MEASURED AND REWARDED ON IN GENERAL.

In terms of what respondents at Bank A are measured on, the findings of the pilot interview indicate Bank A already appears to understand the importance of adding value to the customer. To fully embrace customer orientation as a competitive strategy however, which could be driven by the performance management process, the measurement of these customer orientation factors would need to be given far more attention as part of the performance management process. This feeling was captured during the pilot interview in which the senior manager acknowledged that there was something missing in terms of the tactics his treasury was adopting - at the point when the interview was conducted, it appeared he had been unable to pinpoint the performance management of customer orientation as the differential.

At Bank A, the customer orientation factors regarded as most important in terms of performance management (see Table 4.34) are: the reaction of the manager to the loss of a long standing and valuable client due to an error on the part of the dealer (this had a median rating of 4 and a range of 2); the ability to maximise investments for the bank (a median of 4 and a range of 3); and the ability to communicate information to other areas of the bank where it may impact (again, a median of 4 and a range of 3). When embracing a customer orientation strategy, it is important that good communication channels exist. Performance management as a process can facilitate this by supporting the business strategy by providing a means of integrating objectives downward, upwards and laterally throughout the organisation (Armstrong, 1994).

The areas regarded as "least" important in the performance management process in terms of the responses obtained, are the ability to advise clients of new financial products, and the ability to know their clients needs and advise them of products to suit their needs.

Question number	Statement in Questionnaire:	Median:	Range:
27a	When assessing my performance, my manager would ignore the fact that I lost a long standing and valuable client due to an error on my part. (negative: scoring reversed)	4	2
10	In my performance management process, I am assessed on my ability to maximise investments for the **bank.**	4	3
21a	In my performance management process, I am measured on my ability to communicate relevant information on my client to other areas in the bank on whom it may impact.	4	3
6	In my performance management process, I am not assessed on my ability to advise clients of new financial products. (negative: scoring reversed)	3	4
7	In my performance management process, I am not assessed on my ability to know my external clients needs and advise them on financial products to suit their needs. (negative: scoring reversed)	3	4

Table 4.34: Respondents view of the most important and least important criteria, in terms of measurement, in the performance management process at Bank A.

In order to add value to their clients, and in the environment in which they operate where there is a great deal of competition where price, at this point, seems the main, and perhaps only, delineator, the ability to know the business of their clients and offer products suitable to their customers needs would be an asset. The adoption of customer orientation principles would facilitate this.

In terms of what they are rewarded on (see Table 4.35), the same methodology of adding the responses of all individuals per bank, was applied and the mean, median and range calculated.

Question number	Statement in Questionnaire:	Median:	Range:
20	My bonus is contingent on my ability to maximise investments for the bank.	4	3
14	My bonus is dependent on my good interpersonal skills with both internal and external clients.	4	3
25b	The ability to retain good customer relations is reflected in my bonus.	4	3
24b	When making a deal for a client, I am empowered to rectify a mistake. If this resulted in a loss of money for the bank, this deficit would not be reflected in my bonus.	3	4

Table 4.35: Respondents view of the most important and least important criteria, in terms of reward, in the performance management process at Bank A.

Bank A Treasury employees are rewarded on their ability to maximise investments for the bank. This rating had a median of 4 and a range of 3. There were several factors which had low ratings, but two which stand out are: question 12 which states the bonus is not contingent on developing good customer relations with external clients, with a median of 3 and a range of 4 (negative scoring was reversed to reflect a positive connotation), and question 24b which states that if an error is made when dealing with a client, the dealer is empowered to rectify their mistake, but should this result in a loss to the bank, this loss would not be reflected in the dealer's bonus. Implementing a poorly designed bonus system can result in more harm than good as employees will inevitably receive mixed messages from the organisation in terms of its values and priorities (Amabile *et al.*, 1993).

A factor which was not the lowest score but elicited concern from the researcher was that "loss of a clients money" being reflected negatively in the bonus, had a <u>mean</u> score of 2.9, which if compared to the 5-point Likert scale indicates disagree (2) and neither agree nor disagree (3). In this instance, due to the fact that the bonus (reward) is subjective and not formula driven, respondents may not have been sure about this factor. This highlights the point that reward systems can be subversive in that people do what they are rewarded on and therefore a clear communication of what is expected in terms of performance and what people will be recognised and rewarded for, needs to be considered (Kohn, 1993).

4.16.2. FINDINGS IN BANK B FOR OBJECTIVE 3: WHAT EMPLOYEES ARE MEASURED AND REWARDED ON IN GENERAL.

In terms of Bank B, the pilot interview indicated that employees of the treasury are measured on some of the customer orientation principles in general in the performance appraisal process which occurs annually or biannually as well as the performance management process. Profit as a factor is assessed throughout the year and is regarded as important. The respondents from Bank B (see Table 4.36) indicate that, "good customer relations with external clients" and "the ability to retain good customer relations" were the highest scores, both with a median of 5 and a range of 1. The narrow range would imply congruence in terms of agreement from the respondents with regard to these factors. The third factor which is regarded as important is " the ability to know our client needs and advise them on products to suit their needs" which had a median of 5 and a range of 2. It would therefore appear that customer orientation factors are regarded as important and communicated to staff.

Question number	Statement in Questionnaire:	Median:	Range:
2	In my performance management process, I am assessed on my ability to develop good customer relationships with my external clients.	5	1
25a	In my performance management process, I am assessed on my ability to retain good customer relations.	5	1
7	In my performance management process, I am not assessed on my ability to know my external clients needs and advise them on financial products which would suit their needs. (negative: scoring reversed).	5	2
9	In my performance management process, I am not assessed on my ability to maximise investments for clients.	3	4

Table 4.35: Respondents view of the most important and least important criteria, in terms of measurement, in the performance management process at Bank B.

The factor which received the lowest rating in terms of what they are measured on in their performance management process, is their ability to "maximise investments for clients". This possibly implies the need fr~ a longer term focus when it comes to the long term profitability of Bank B. If investments are maximised for clients, they would keep coming back to do business in the knowledge that their interests are being taken care of. Obviously, to ensure the continued existence of the bank, the treasury needs to ensure profit for themselves as well as their customers. This would be difficult to address but a balance between the two disparate needs has to be promoted for customer orientation to be fully embraced.

In terms of what they are rewarded on, the same methodology of adding the responses of all individuals per bank, was applied and the mean, median and range calculated.

Bank B had three equal scores in terms of what the employees of the Treasury are rewarded on, namely, their ability to develop good customer relations with external clients, their ability to retain clients and their ability to market and create new business. All three ratings had a median of 4 and a range of 2 (see Table 4.37).

Question number	Statement in Questionnaire:	Median:	Range:
12	My bonus is not contingent on my ability to develop good customer relationships with external clients. (negative: scoring reversed).	4	2
13	My bonus is not contingent on my ability to retain clients. (negative: scoring reversed).	4	2
15	My bonus is not contingent on my ability to market and create new business. (negative: scoring reversed).	4	2
24b	When making a deal for a client, I am empowered to rectify a mistake. If this resulted in a loss of money for the bank, this deficit would not be reflected in my bonus.	2	3

Table 4.37: Respondents view of the most important and least important criteria, in terms of reward, in the performance management process at Bank B.

As with Bank A, the lowest rating for Bank B was a loss of the banks money not being reflected in their bonus. This received a median score of 2 and had a range of 3. The mean score for a penalty being applied if there was loss of a clients money, as with Bank A, did not have the lowest mean score, however, for Bank B the mean was 2,5. Once again, due to the subjective manner of awarding bonuses and due to them not being formula driven, respondents may not have known the response to this - a score of 2 indicating "disagree" and 3 indicating "neither agree nor disagree". As with Bank A, caution should be applied to prevent respondents from thinking that loss of a clients money is not a measurable performance indicator for which they are responsible. People do what they are rewarded for (Kohn, 1993).

4.16.3. FINDINGS IN BANK MB FOR OBJECTIVE 3: WHAT EMPLOYEES ARE MEASURED AND REWARDED ON IN GENERAL.

Question number	Statement in Questionnaire:	Median:	Range:
2	In my performance management process, I am assessed on my ability to develop good customer relationships with my external clients.	5	2
26a	When assessing my performance, my manager would reprimand me for losing a long standing and valuable client due to an error on my part.	4	2
4a	In my performance management process, I am assessed on my good interpersonal skills with external clients.	4	2
9	In my performance management process, I am assessed on my ability to maximise investments for clients.	2	3

Table 4.38: Respondents view of the most important and least important criteria, in terms of measurement, in the performance management process at Bank MB.

The highest ratings in terms of what individuals are measured on in their performance management process at Bank MB (see Table 4.38), are: "my ability to develop good customer relationships with my external clients" which had a median of 5 and a range of 2; and for losing a long standing and valuable clie... due to an error on the their part, which had a median of 4 and a range of 2. They are also assessed on good interpersonal skills with external clients. This factor also had a median of 4 and a range of 2.

The lowest rating for Bank MB in terms of what individuals are measured on in their performance management processes, was their ability to maximise investments for clients. This rating had a median of 2 and a range of 3.

In terms of what they are rewarded on, the same methodology of adding the responses of all individuals in the bank, was applied and the mean, median and the range calculated.

The highest rating for Bank MB in terms of the performance management process and reward (see Table 4.39), is their bonus is contingent on the profit they make for the bank or trading desk on which they operate. The median rating for bonus being contingent on profit, was 4 with a range of 1. This was borne out by the findings of the pilot interview. The next highest ratings were for four factors which each had a median of 4 and a range of 3 and are: the ability to develop good customer relations with external clients, the ability to retain clients, the ability to market and create new products and finally, the ability to communicate relevant information on clients to other areas in the bank on whom it may impact.

Question number	Statement in Questionnaire:	Median:	Range:
11	My bonus is dependent / contingent on the profit that I make for the bank or trading desk from which I operate.	4	1
12	My bonus is not contingent on my ability to develop good customer relationships with my external clients. (negative: scoring reversed).	4	3
21b	I am rewarded on my ability to communicate relevant information on my client to other areas in the bank on whom it may impact.	4	3
23b	I am rewarded on my ability to develop and supply financial products to a client based on their specific needs.	2	3

Table 4.39: Respondents view of the most important and least important criteria, in terms of reward, in the performance management process at Bank MB.

There were two low ratings for Bank MB which respondents appear not to be rewarded on: their ability to maximise investments for clients, and being rewarded on ability to develop or supply financial products to the client based on their specific needs. These both had a median score of 2 and had a range of 3. In order to add value to a customer, an organisation needs to increase the benefits to the customer in relation to their costs. The seller organisation must therefore understand the economic and political constraints of the customer (Narver and Slater, 1990). Adopting a customer orientation requires the seller organisation to understand the customers entire value chain (Day and Wensley, 1988).

Spiro's (1994) research highlights that top management must be convinced of the value of a customer orientation. This commitment must then be communicated to the entire organisation. As with the concerns expressed above, of recognition and reward having potential to become subversive, employees must be able to witness a congruency between management behaviours and resource allocations / rewards / promotions that reflect a commitment to such orientation (Armstrong, 1994). Adopting a customer orientation philosophy as a strategy, would necessitate a change in culture which is not an easy process. It is imperative however, that during this process senior management develop and maintain a positive attitude towards change and a willingness to take calculated risks (Armstrong, 1994). A few failures will occur but "a supportive reaction to such failure is critical for engendering a change-oriented philosophy, an integral part of customer orientation (Spiro, 1994 p.85).

4.17. RESEARCH OBJECTIVE 4.1: TO ESTABLISH THE LEVEL OF CUSTOMER ORIENTATION WITHIN BANK TREASURIES AND COMPARE IT TO THE MEASUREMENT OF CUSTOMER ORIENTATION FACTORS IN THE PERFORMANCE MANAGEMENT PROCESS AS DETERMINED IN OBJECTIVE 1.

The overall findings of the Narver and Slater Scale (1990), pertaining to the level of customer orientation, indicate that respondents in the two commercial banks are aware of most of the customer orientation factors (see Table 4.40).

Factor of customer orientation:	Bank A:	Bank B:	Bank MB:
1. customer commitment.	5.76	6.40	5.00
2. create customer value.	5.40	6.09	4.70
3. understand customer needs.	5.50	6.04	4.40
4. customer satisfaction objectives.	5.60	6.30	4.80
5. measure customer satisfaction.	4.70	4.95	4.00
6. after-sales service.	4.90	5.55	4.50
Total score of 6 factors:	1.86	35.33	27.40
Average across 6 factors:	5.32	5.89	4.33
Sample size (n)	17	22	11
Variance (s^2)	0.054	0.071	0.095

Table 4.40: The comparison of the measurement of customer orientation between commercial banks A and B, and merchant bank MB.

If one had to make a qualitative differentiation between the three banks and apply the between descriptors developed by the researcher (see Table 4.41), differences could be ascertained.

In both the two commercial banks (Bank A and Bank B) and the merchant bank (Bank MB), the customer orientation factor with the highest score was the same for all three banks, namely factor 1, "customer commitment". Of the three banks, Bank B has the highest score of 6.40 which could indicate that the business unit engages in the practice to a great extent. Bank A has a score of 5.76, which would be classified as a 6 when rounded up and thus indicates they also engage in the practice to a great extent. Bank MB has a score of 5.00 (see Table 4.40) which would indicate qualitatively that the business unit engages in the practice to an extent. Likewise, all three banks had the same second highest score, namely factor 4 "customer satisfaction objectives"(see Table 4.40). Once again both Bank A and Bank B effectively score 6, indicating they engage in the practice to a great extent (see Table 4.41), whilst Bank MB once again scores a 5, indicating the business unit engages in the prac. e to an extent.

Number on Likert Scale:	Descriptor:	Formulated by:
1	The business does not engage in the practice at all.	Narver and Slater (1990).
2	The business does not engage in the practice.	Researchers interpretation.
3	The business has not considered engaging in this practice.	Researchers interpretation.
4	The business is neutral with regard to this practice.	Researchers interpretation.
5	The business unit engages in the practice to an extent.	Researchers interpretation.
6	The business unit engages in the practice to a great extent.	Researchers interpretation.
7	The business unit engages in the practice to a very great extent.	Narver and Slater (1990).

Table 4.41: Researchers interpretation of the between descriptors of the Narver and Slater Scale (1990) in order to determine qualitative differences.

It would appear that all three banks, to varying degrees, are committed to their customers with the objective of satisfying them. An important part of this however, is measuring customer satisfaction which in all three banks was the lowest score. Both Bank A and Bank B scored a 5, indicating they engage in the practice to an extent, whilst Bank MB scored a 4 implying the business is neutral with regard to this practice. In order to determine whether or not they are satisfying their customers, attention to the measurement of customer satisfaction is important as it will allow them to improve the service they offer. By obtaining feedback, either corrective action can be generated, or new action initiated (Armstrong, 1994).

The factor, "after sales service", also requires attention in both the two commercial banks and in the merchant bank (Bank MB).

4.17.1. STEPS IN DETERMINING THE FINDINGS FOR OBJECTIVE 4.1:

To establish the level of customer orientation in each bank, for each of the six factors, the methodology of calculation was as follows:

- Each respondents answer (in their separate banks), was summed factor by factor.
- The total for each factor was divided by the sample size (n) to obtain a mean factor for each factor for each bank (see Table 4.10 for the findings).

In terms of the overall customer orientation (the total average score across the six factors for each bank), the method of calculation is as follows:

- All of the individuals responses within each bank, for questions 1 - 6 of section 6 of the questionnaire, related to the Narver and Slater customer orientation scale, were totaled.
- Each respondents total was then summed to obtain a grand total.
- This grand total was then divided by the sample size (n) for the respective bank, and then again by 6 (as there are 6 factors in the customer orientation scale) to obtain an average across the sample (see Table 4.10 for findings. See also Table

4.13, Table 4.16 and Table 4.19 for customer orientation levels in respective banks.

This would indicate the level of customer orientation on the 1 - 7 scale. A score of 1 indicating " the business does not engage in the practice at all" and a score of 7 indicating "the unit engages in the practice to a very great extent".

- all the questions which related to the measurement of customer orientation from sections 2, 3 and 4 of the questionnaire, were extracted and are as follows: questions 2, 3, 4a, 4b, 6, 7, 8a, 8b, 9, 21a, 22a, 23a, 24a, 25a, 26a, 27a, 28, and 29 (see Appendix 2).
- Those questions which in the questionnaire were worded negatively had their scoring reversed in order that all scores computed had a positive connotation.
- Each of the scores for the listed questions related to the measurement of customer orientation, for each respondent, were then added together to obtain a total.
- Likewise, each of the scores for points 1 to 6 of the Narver and Slater scale, of section 6 of the questionnaire, were added together as described above.
- The two totals were then correlated utilising Spearman's rank-order correlation coefficient. This measure was utilised to measure the strength of the relationship between the two variables on the basis of their ranks instead of their values (Willemse, 1994). The data for these calculations is shown on Appendix 5.

The findings of the measurement of the relationship between the level of customer orientation and the measurement of customer orientation in the performance management process resulted in the following Spearman rank-order correlation coefficients (r') shown in Table 4.42 (Data is shown in Appendix 4).

Research Objective 1	Bank A	Bank B	Bank C
r'	0.57	0.51	0.26

Table 4.42: The Spearman rank-order correlation coefficients (r') of all three banks.

"This measure is based on a scale between -1 and +1. If there is no relationship between x and y, then $r' = 0$. The strength of the correlation is not dependent on direction" (Willemse, 1994: p.188). For example, coefficients of 0.57 and -0.57 are equal in strength. The findings in Table 4.42 would indicate that the relationship, between the level of customer orientation and whether or not it is measured as part of the performance management process, is strongest with Bank A, when comparing the three banks. However, the relationship of 0.57 can be described as only slightly above the mid-point between 0 (no relationship) and 1 (a strong relationship) (Willemse 1994). The relationship is positive but medium. The same would apply to Bank B with their correlation result of 0.51. Bank MB has a positive but weak relationship between the level of customer orientation and the measurement of customer orientation factors in the performance management process, with a result of 0.26. A perfect correlation, related to this research, is one in which as the level of customer orientation increases, so the measurement of customer orientation factors increases. Reservations with regard to the findings of r', are that should the scores all be reduced by three points, the result would remain the same. The median as a measure of the measurement of customer orientation factors within bank treasuries is more persuasive.

...ndings of the median would indicate that Bank B had the best results in terms of measuring customer orientation, Bank MB was second, with Bank A taking up the rear (see Table 4.43).

Objective 1:	Total median score across 19 questions:	Average median score:	Rounded score on 5-point Likert scale:
Bank A	65	3.42	3.5
Bank B	75	3.90	4
Bank MB	66	3.47	3.5

Table 4.43: Median scores related to the measurement of customer orientation in the performance management process.

The findings of the Spearman rank-order would at first glance appear to contradict the median findings. It is important to note however, that the correlation measures the relationship between the level of customer orientation and the measurement of customer orientation factors. These findings indicate that in the three banks the relationship is closest at Bank A. It is interesting that, despite the median score for Bank A indicating that they had the highest score of the three banks, there is a disparity between the median score and that of the Spearman rank-order correlation coefficient. One would imagine that this gap needs to be closed to fully embrace customer orientation as a strategic philosophy and culture. Armstrong (1994) states that performance management processes are there to support the achievement of the strategies by ensuring action plans are prepared which will allow the strategy to be implemented.

4.17.2. FINDINGS IN BANK A FOR OBJECTIVE 4.1:

In terms of the overall customer orientation for Bank A, measured by factors 1 to 6 of the Narver and Slater scale, the methodology used to calculate the findings is as follows (see Table 4.44):

- all the responses by each individual for factors 1 - 6 of section 6 of the questionnaire, were totaled.
- Each respondents total was then summed to obtain a grand total of 543.
- The grand total of 543, was then divided by the sample, in this case n = 17, and then again by 6 (due to there being 6 factors measured) to [illegible] an average of 5,32 across the sample.

This would indicate a fairly high level of customer orientation on the 1 - 7 scale, 7 indicating that the business unit engages in the practice to a very great extent.

Total score all respondents Bank A	sample size (n)	Average (x) across 6 factors
543	17	5.32

Table 4.44: Customer orientation level for Bank A.

Utilising a similar methodology, as outlined above but for each separate customer orientation factor, the following customer orientation levels per factor were ascertained (see Table 4.45).

Customer orientation factor:	Mean score:
1. customer commitment.	5.76
2. create customer value.	5.40
3. understand customer needs.	5.50
4. customer satisfaction objectives.	5.60
5. measure customer satisfaction.	4.70
6. after-sales service.	4.90
Average across sample, Bank A:	5.32

Table 4.45: Customer orientation scores per factor for Bank A.

These would indicate a fairly high level of customer orientation in terms of the first four factors of customer orientation, but were they to adopt a conscious strategy of customer orientation, greater emphasis would need to be placed on measuring customer satisfaction and in after sales service.

Table 4.46 shows the a rank-order, from highest to lowest, of the importance of the customer orientation factors as viewed by the respondents to the questionnaires in Bank A. The respondents scores indicate that customer commitment and customer satisfaction objectives have the highest importance in terms of customer orientation factors. This could be as a result of a fairly steady client base. The third lowest score is for creating customer value which may imply that Bank A does not find out what the customer needs and instead offers a custom product. This could be an area where improvement could be achieved. As with Bank B and Bank MB, the second lowest score was for after-sales service, followed by the lowest score, for measuring customer satisfaction.

Factor of customer orientation in rank order from highest to lowest:	Mean score
1. customer commitment.	5.76
4. customer satisfaction objectives.	5.60
3. understand customer needs	5.50
2. create customer value.	5.40
6. after-sales service.	4.90
5. measure customer satisfaction.	4.70

Table 4.46: The rank-order of customer orientation factors for Bank A from lowest to highest.

According to the pilot interview conducted, it was ascertained that an independent marketing company is utilised by Bank A to conduct market surveys on customer satisfaction. The results and the methodology were not accessible to the researcher. For this reason, the researcher was unable to ascertain whether the scores for factors 5 (measuring customer satisfaction) and 6 (after-sales service) of customer orientation, indicated a change to the findings of the independent marketing survey - either an improvement or the maintenance of a status quo.

In terms of the correlation between the level of customer orientation and whether or not it is measured as part of the performance management process, the correlation was positive but medium, with a result of r' = 0,57 (refer back to Table 4.42). This would possibly indicate that greater emphasis needs to be made in terms of measuring customer orientation criteria as part of the performance management process, if customer orientation is a strategic objective of Bank A. Currently, in terms of the findings of the pilot interview, profit is regarded as an important factor of measurement throughout the year. To truly embrace a customer orientation, all the factors pertaining to customer orientation would need to be given emphasis on an ongoing basis throughout the year. This would most probably require a culture change.

4.17.3. FINDINGS IN BANK B FOR OBJECTIVE 4.1:

In terms of the overall customer orientation for Bank B, the following methodology was utilised in the calculation:

- all the responses obtained from the Narver and Slater scale (1990) by each individual, for factors 1 - 6 of section 6 of the questionnaire, were totaled.
- Each respondents total was then summed to obtain a grand total of 778.
- The grand total of 778 was then divided by the sample size, n = 22, and then again by 6, the number of factors in customer orientation, to obtain an average of 5,89 across the sample (see Table 4.47).

This would indicate a fairly high level of customer orientation on the 1 - 7 scale, 7 indicating that the business unit engages in the practice to a very great extent.

Total score all respondents Bank B	sample size (n)	Average (x) across 6 factors
778	22	5.89

Table 4.47: Customer orientation level for Bank B.

Utilising a similar methodology, as outlined above but for each separate customer orientation factor, the following customer orientation levels per factor were ascertained (refer Table 4.48).

Customer orientation factor:	Mean score:
1. customer commitment.	6.40
2. create customer value.	6.09
3. understand customer needs.	6.04
4. customer satisfaction objectives.	6.30
5. measure customer satisfaction.	4.95
6. after-sales service.	[illegible].55
Average across sample, Bank B:	5.89

Table 4.48: Customer orientation scores per factor for Bank B.

These factors would indicate a high level of customer orientation in terms of the first four factors of customer orientation but, as with Bank A, Bank B also needs to give greater emphasis to measuring customer satisfaction an ensuring after sales service.

Table 4.49 shows the rank-order, from highest to lowest, of the importance of the customer orientation factors as viewed by the respondents to the questionnaires. On all of the factors, Bank B had the highest scores of the three banks studied. The respondents scores indicate that customer commitment and customer satisfaction objectives have the highest importance in terms of customer oriantation factors. This could be as a result of a fairly steady client base or simply because Bank B seems to place more importance on the measurement of customer orientation factors than the other banks do. The third highest score is for creating customer value which may imply that Bank B is attempting to find out what the customer needs and regards as important, instead of merely offering a custom product. At this point, although achieving the highest score for this factor of the three banks with a score of 6.09, Bank B could still improve on this factor. Understanding customer needs follows very closely on this factor, implying that Bank B appears to have embraced customer orientation as a competitive strategy. As with Bank A and Bank MB, the second lowest score was for after-sales service, although Bank B had the highest score of the three banks, followed by the lowest score, for measuring customer satisfaction.

Factor of customer orientation in rank order from highest to lowest:	Mean score
1. customer commitment.	6.40
4. customer satisfaction objectives.	6.30
2. create customer value.	6.09
3. understand customer needs.	6.04
6. after-sales service.	5.55
5. measure customer satisfaction.	5.89

Table 4.49: The rank-order of customer orientation factors for Bank B from lowest to highest.

In terms of the correlation between the level of customer orientation and whether or not it is measured as part of the performance management process, the correlation was positive but medium, with a result of $r' = 0,51$(refer back to Table 4.42). Once again, this would possibly indicate that greater emphasis needs to be made in terms of measuring customer orientation criteria, as part of the performance management process, if customer orientation is a strategic objective of Bank B.

4.17.4. FINDINGS MERCHANT BANK MB FOR OBJECTIVE 4.1:

As there were quite a few spoilt questionnaires from this bank, the sample from which data could be obtained, was reduced.

In terms of the overall customer orientation for Bank MB as determined by the Narver and Slater scale (1990), the following methodology was utilised to calculate the findings:

- all the responses by each individual for questions 1 - 6 of section 6 of the questionnaire, were totaled.
- Each respondents total was then summed to obtain a grand total of 286.
- The grand total of 286 was then divided by the sample size, n = 11, and then again by 6 to obtain an average of 4.33 across the sample (see Table 4.50).

Total score all respondents Bank B	sample size (n)	Average (x) across 6 factors
286	11	4.33

Table 4.50: Customer orientation level for Bank MB.

This would indicate a medium to low level of customer orientation on the 1 - 7 scale, 1 indicating "the business unit does not engage in the business practice at all", and 7 indicating "the business unit engages in the practice to a very great extent". This was in keeping with the findings of the pilot interview where it was expressed that there was "undoubtedly room for improvement" in terms of the promotion of customer orientation principles.

Utilising a similar methodology, as outlined above but for each separate customer orientation factor, the following customer orientation levels per factor were ascertained (see Table 4.51). The scores are all between 4 and 5 which implies that Bank MB is between being neutral to customer orientation factors and engaging in them to an extent. With the advent or return of foreign banks to South Africa resulting in far more competition, Bank MB may have to change this level of customer orientation if they wish to remain competitive. Performance management of these factors could facilitate this process.

Customer orientation factor:	Mean score:
1. customer commitment.	5.00
2. create customer value.	4.70
3. understand customer needs.	4.40
4. customer satisfaction objectives.	4.80
5. measure customer satisfaction.	4.00
6. after-sales service.	4.50
Average across sample, Bank MB:	4.33

Table 4.51: Customer orientation scores per factor for Bank MB.

Table 4.52 shows the rank-order, from highest to lowest, of the importance of the customer orientation factors as viewed by the respondents to the questionnaires. Bank MB had the lowest scores on all factors of the measurement of customer orientation factors as part of the performance management process. The respondents scores indicate that customer commitment and customer satisfaction objectives have the highest importance in terms of customer orientation factors. The same ranking, in terms of importance, was found in both Bank A and Bank B. This indicates that Bank MB is aware of the need to satisfy customers and to be committed to customers, but with scores of 4.80 and 5.00 respectively, there is enormous room for improvement.

The highest score Bank MB could obtain is 7 which indicates "the business unit engages in the practice to a very great extent". The third lowest score is for understanding customer needs, with a score of 4.40, which may imply that Bank MB either does not find out what the customer needs and instead offers a custom product, or is so secure in its current position in the market that it feels that customers will always go back to them for service. This is an area where great improvement could be achieved. As with Bank A and Bank B, the second lowest score was for after-sales service, followed by the lowest score, for measuring customer satisfaction.

Factor of customer orientation in rank order from highest to lowest:	Mean score
1. customer commitment.	5.00
4. customer satisfaction objectives.	4.80
2. create customer value.	4.70
3. understand customer needs	4.40
6. after-sales service.	4.50
5. measure customer satisfaction.	4.00

Table 4.52: The rank-order of customer orientation factors for Bank MB from lowest to highest.

The result of the correlation between the level of customer oriantation and whether or not it is measured as part of the performance management process, was positive but low, with a result of r' = 0,26 (refer back to Table 4.42). A correlation measure is based on a scale between +1 and -1. Willemse (1994, p188) states that "if there is no relationship between x and y, then r = 0. The strength of the correlation is not dependent on direction". Once again, if Bank MB wishes to retain their leading edge, in order to remain as profitable as they are, perhaps they should consider placing greater emphasis in terms of measuring customer orientation criteria as part of their performance management process. As the 1995 *Euromoney* survey of customers indicated, as far as corporate treasurers are concerned, the quality of relationships has overtaken price as the most important factor for determining choice of bank. This is most probably as a result of several scares, such as the Barings Bank disaster, as well as banks entering into financial deals on behalf of the client without the corporate treasurer having a full understanding of the risk involved, resulting in a substantial financial loss to the client. Customer orientation forms part of market orientation in which profitability / the creation of economic wealth is an overriding objective. Performance management in its turn, is a vehicle by which strategic intent can be achieved.

4.18. FINDINGS OF OBJECTIVE 4.2: TO COMPARE OF THE LEVEL OF CUSTOMER ORIENTATION WITHIN BANK TREASURIES TO THE REWARD OF CUSTOMER ORIENTATION FACTORS AS PART OF THE PERFORMANCE MANAGEMENT PROCESS.

In terms of objective 4.2, to establish the level of customer orientation within the bank treasuries and compare that level to the reward of customer orientation factors in the performance management process, the following methodology was used to obtain the results:

- all the questions which related to the reward of customer orientation from sections 2, 3 and 4 of the questionnaire, were extracted and are as follows: questions 11,12,13,14,15,16,17,18,19,20,21b, 22b, 23b, 24b, 25b, 26b, 27b, 29b, 30b, and 31b (see Appendix 3).

- As with objective 1, those questions which in the questionnaire were worded negatively had their scoring reversed in order that all scores computed had a positive connotation.
- Each of the scores for the listed questions for each respondent were then added together to obtain a total for each respondent.
- Likewise, each of the scores for points 1 to 6 of the Narver and Slater scale of section 6 of the questionnaire, were added together to obtain a score for each respondent.
- Once again, the two totals were then correlated utilising Spearman's rank-order correlation coefficient, to measure the strength of the relationship between the two variables on the basis of their ranks instead of their values (Willemse, 1994).
- In order to establish whether the difference in results was significant, the ANOVA technique was utilised to test the null hypothesis that the three samples have the same means. The null hypothesis was accepted.

The findings of the measurement of the relationship between the level of customer orientation and the measurement of rewarding customer orientation in the performance management process resulted in the following Spearman rank-order correlation coefficients (r') (see Appendix 4 for data).

Research Objective 1	Bank A	Bank B	Bank C
r'	0.68	0.40	0.40

Table 4.53: The Spearman rank-order correlation coefficients (r ') in all three banks for objective 4.2.

"This measure is based on a scale between -1 and +1. If there is no relationship between x *and* y, *then* $r' = 0$. *The strength of the correlation is not dependent on direction*" (Willemse, 1994: p.188). For example, coefficients of 0.57 and -0.57 are equal in strength. The findings in Table 4.53 would indicate that the relationship, between the level of customer orientation and whether or not it is rewarded as part of the performance management process, is the strongest at Bank A, when comparing the three banks. The relationship of 0.68 can be described as above the mid-point between 0 (*no relationship*) and 1 (a strong relationship) (Willemse 1994). The relationship is positive but medium. Both Bank B and Bank MB have positive but fairly weak relationships between the level of customer orientation and the reward of customer orientation factors in the performance management process, both having a result of 0.40. These findings neither confirmed nor rejected the findings of the pilot interviews conducted at the three banks where the senior treasury managers indicated the subjective basis of rewarding qualitative factors of the performance bonus. Amabile *et al.* (1993, p45) stated: "Implementing a poorly designed or ill-suited incentive plan can do more harm than good because employees will inevitably receive mixed, even conflicting, messages from the organisation about its values and priorities, leading to confusion and frustration". To fully embrace a customer orientation strategy, what individuals are rewarded for, would need to be closely looked at to prevent incorrect signals being sent out to employees as to what the important criteria of measurement and reward are.

4.18.1. FINDINGS IN BANK A FOR OBJECTIVE 4.2:

In terms of the correlation between the level of customer orientation and whether or not it is rewarded as part of the performance management process, the correlation was positive but medium, with a result of $r' = 0,68$ (refer to Table 4.53). This would possibly indicate that greater emphasis needs to be made in terms of rewarding customer orientation criteria as part of the bonus if customer orientation is a strategic objective of Bank A.

4.18.2. FINDINGS IN BANK B FOR OBJECTIVE 4.2:

In terms of the correlation between the level of customer orientation and whether or not it is rewarded as part of the performance management process, the correlation was positive but low, with a result of $r' = 0,4$ (refer to Table 4.53). It seems that although it is being measured as part of the performance management process ($r' = 0,51$) for the measurement of customer orientation, it is not being included as part of the bonus which, in most banks, makes up between 20 and 100% of a dealers cash package. Once again, this would possibly indicate that greater emphasis needs to be made in terms of rewarding customer orientation criteria as part of the bonus if customer orientation is a strategic objective of Bank B.

4.18.3. FINDINGS IN BANK MB FOR OBJECTIVE 4.2:

As with Bank B, in terms of the correlation between the level of customer orientation and whether or not it is rewarded as part of the performance management process, the correlation was positive but low, with a result of r' = 0,4(refer to Table 4.53). It seems that customer orientation is neither measured (r' = 0,26) nor rewarded as part of the performance management process at Bank MB.

4.19. SUMMARY OF THE FINDINGS:

The pilot interviews conducted implied that customer orientation principles are measured as part of the customer orientation process. The findings of the questionnaires indicate that some but not all of the customer orientation factors are being measured in the banks to varying degrees. The findings indicate that Bank B appears to have adopted the strategy of customer orientation. It would appear however, that this strategy may not currently be fully in place as some of the customer orientation factors still require attention. Bank A measures some of the factors of customer orientation but this appears to be as a result of good business practice (which customer orientation is) and not necessarily as a result of a conscious adoption of customer orientation as a strategy. If customer orientation has been adopted as a strategy, which the findings of the pilot interview imply, these principles need to be far more vigorously espoused as the respondents neither agreed nor disagreed with many of the statements posed in the questionnaire. At Bank MB, it was indicated in the pilot interview that the measurement of customer orientation as part of the performance management process requires attention. This was supported by the findings. In order to maintain or improve on their current position in the market, the adoption of customer orientation, as part of market orientation, is a strategy which would achieve this. This strategy could be driven by the performance management process.

At the moment, customer orientation factors are not being rewarded to the extent that they should be, in support of the measurement of them, in the performance management process. The findings of the pilot interviews implied that customer orientation factors are rewarded, although it was acknowledged that profit was the major category when determining the bonus amount. The findings of the questionnaire indicate that with the exception of Bank A (although at the pilot interview it was not divulged to what extent) the reward of customer orientation factors was not occurring.

To be effective, a performance management programme needs to develop the employees' understanding of what needs to be achieved and reward them on the basis of their contribution (Armstrong, 1994).

CHAPTER 5: CONCLUSION

This chapter sums up the main findings of the current study. Management implications are discussed based on the results attained. Recommendations for future research are then highlighted.

5.1 SUMMARY OF FINDINGS:

The pilot interviews conducted implied that customer orientation principles are measured as part of the customer orientation process. The findings of the questionnaires indicate that some but not all of the customer orientation factors are being measured in the banks to varying degrees. It would appear however, that at some banks this strategy may not currently be fully in place as some of the customer orientation factors still require attention. To be competitive, banks need to make a conscious effort to adopt customer orientation as a strategy, and this philosophy needs to be vigorously espoused by management. Some respondents displayed uncertainty in terms of what they are measured on, when one considers their responses to many of the statements posed in the questionnaire. Management need to clearly communicate goals and objectives to be achieved which the findings indicate is not happening in some instances.

At the moment, customer orientation factors are not being rewarded to the extent that they should be in support of the measurement of them, in the performance management process. The findings of the pilot interviews implied that customer orientation factors are rewarded, although it was acknowledged that profit was the major category when determining the bonus amount. The findings of the questionnaire indicate that with the exception of Bank A the reward of customer orientation factors was not occurring.

To be effective, a performance management programme needs to develop the employees' understanding of what needs to be achieved and reward them on the basis of their contribution (Armstrong, 1994).

This research highlights that in order for goals and objectives (established by the organisation) to be actioned by employees, employees need to be measured and rewarded on those factors. For example, for customer orientation to be embraced as a strategic philosophy, customer-based criteria as part of the performance management process would be a necessary component to the effective implementation thereof. As Amabile *et al.*, (1993) said, for pay to mean anything, it must be linked to performance. Immediate and quick profit may suit the bank treasury in the short term, but may not be beneficial in the long term in terms of client retention goals. By paying for inappropriate performance, there is a danger of promoting self interest instead of organisational commitment (Amabile *et al.*, 1993). Reward can potentially subvert systems as people do what is rewarded as plans that provide incentives for the wrong behaviour will produce the wrong results (Kohn, 1993). It is therefore very important to reward and promote that which serves the long term interests of an organisation. Managers must learn how to harness and use the power of incentives to drive individual motivation and organisation effectiveness (Amabile *et al.*, 1993).

It is notable, that there was a feeling held by the senior managers interviewed, that there was a need for something with which to gain the competitive advantage. Customer orientation principles, promoted by the vehicle of performance management with its need for measurement and reward of those principles, would provide the solution.

5.2 MANAGERIAL IMPLICATIONS:

- Managers need to lock into their customers needs and requirements by promoting customer orientation as a strategy to their subordinates. This has to be translated from the top down and managers have to drive the process.
- To fully embrace customer orientation, communication upwards, downwards and inter departmentally needs to be promoted. Feedback must also be obtained from the customer and acted upon.
- The performance management process has to support the strategy. Subordinates need to be measured and rewarded on customer orientation factors. Reward systems need to be changed from being completely profit based, to include factors of customer orientation.
- If managers determine customer orientation is of strategic value, a culture change may be required. This is difficult but managers must persevere and vigorously espouse customer orientation principles.

5.3 RECOMMENDATIONS FOR FURTHER RESEARCH BASED ON THE LIMITATIONS OF THIS STUDY:

This research has raised numerous questions which could be answered by researching the following:

- A comparison of the performance management of customer orientation in foreign and local bank treasuries operating in South Africa.
- A comparison of the performance management of customer orientation across a spectrum of small, medium and large bank treasuries.
- A comparison of the performance management of customer orientation in corporate treasuries and bank treasuries.

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Appendix 1

PERFORMANCE MANAGEMENT QUESTIONNAIRE:

Section 1

Demographic information:

Name: ___________________________ **Male / Female:**________________

Bank: ____

Type of Trading Desk: ____

Your Position:______________________________ **Age:** ______________

Please answer all the following questions by filling in the rating most appropriate to your work environment. Only enter 1, 2, 3, 4 or 5 under the rating column. The rating scale is as follows:

1 = Strongly disagree
2 = Disagree
3 = Neither agree nor disagree
4 = Agree
5 = Strongly agree

Thank-you for your participation.

Section 2

Statement	Rating
1. In my performance management process, I am assessed on the profit that I make for the bank.	
2. In my performance management process, I am assessed on my ability to develop good customer relationships with my external clients.	
3. In my performance management process, I am **not** assessed on my ability to retain clients.	
4. a. In my performance management process, I am assessed on my good interpersonal skills with **internal** clients.	
4. b. In my performance management process, I am assessed on my good interpersonal skills with **external** clients.	
5. In my performance management process I am assessed on my ability to market and create new products.	
6. In my performance management process, I am not assessed on my ability to advise clients of new financial products.	
7. In my performance management process, I am not assessed on my ability to know my external clients needs and advise them on financial products which would suit their needs.	

Statement	Rating
8. a. I am assessed on my ability to educate my clients on investing	
8. b. I am assessed on my ability to advise my clients on new financial products which have become available.	
9. In my performance management process, I am assessed on my ability to maximise investments for clients.	
10. In my performance management process, I am assessed on my ability to maximise investments for the bank.	
11. My bonus is dependent / contingent on the profit that I make for the bank or trading desk from which I operate.	
12. My bonus is **not** contingent on my ability to develop good customer relationships with my external clients.	
13. My bonus is **not** contingent on my ability to retain clients.	
14. My bonus is dependent on my good interpersonal skills with both internal and external clients.	
15. My bonus is **not** contingent on my ability to market and create new business.	
16. My bonus is **not** contingent on my ability to advise clients of new financial products.	
17. My bonus is **not** contingent on my ability to know my external clients needs and advise them on financial products which would suit their needs.	
18. My bonus is contingent on my ability to educate and advise my clients on investments and new financial products.	
19. My bonus is dependent on my ability to maximise investments for clients.	
20. My bonus is dependent on my ability to maximise investments for the bank.	
Section 3 & 4	
21. a. In my performance management process, I am measured on my ability to communicate relevant information on my client to other areas in the bank on whom it may impact.	
21b. This is reflected in the bonus I receive.	
22. a. In my performance management process, I am measured on my ability to "delight" the client in terms of the financial service that I provide them.	

Statement	Rating
22.b. This is reflected in the bonus I receive.	
23. a. In my performance management process, I am measured on my ability to develop or supply financial products to a client which are based on their specific needs.	
23. b. This is reflected in the bonus I receive.	
24. a. If I make an error when dealing with my client, I am empowered to rectify my mistake in terms of setting it right.	
24. b. If this rectification results in a loss to the bank, this deficit would not be reflected in my bonus.	
25. a. In my performance management process, I am measured on my ability to retain good customer relations.	
25. b. This ability to retain good cu[illegible]s is reflected in my bonus.	
26. a. When assessing my perform[illegible] [illegible]nager would reprimand me for losing a long standing [illegible] due to an error on my part.	
26. b. This would not manifest itself in my bonus.	
27. a. When assessing my performance, my manager would ignore the fact that I lost a long standing and valuable client due to an error on my part.	
27. b. This fact would also be ignored when calculating my bonus.	
28. My manager would be aware that I had lost a long standing and valuable client due to an error on my part.	
29. a. My clients provide input into the evaluation of my performance.	
29. b. My clients input in terms of my performance is reflected in my bonus.	
30. a. If I were to lose a lot of money for a client, my manager would take corrective action against me immediately.	
30. b. This loss of a client's money would not be reflected in my bonus.	

Statement	Rating
31. a. If I were to lose a lot of money for the **bank**, my manager would take immediate correctivu action against me.	
31. b. This loss of the bank's money would **not** be reflected in my bonus.	
Section 5	
32. When doing deals for clients, is it my objective to make a profit for the bank.	
33. When doing deals for clients, is it my objective to make the best deal for my client.	
34. When doing deals with clients I would be prepared to make less profit to ensure that I get the deal from the client ~ pposed to the client going elsewhere.	
35. If a long standing client wants to deposit money at a good rate when the bank has a liquidity surplus, I would **not** offer a good rate to the client.	
36. If a long standing client wants to deposit money at a good rate when the bank has a liquidity surplus, I would offer a poor rate in the hope that the client will deposit money at another bank.	
37. If a long standing client wants to deposit money at a good rate when the bank has a liquidity surplus, I would explain the bank's position to the client and advise the client to go elsewhere.	
38. If a long standing client wants to deposit money at a good rate when the bank has a liquidity surplus, I would explain the bank's position to the client and offer a low rate.	
39. When doing deals with long standing clients, I cut my profit potential to ensure that their business is retained by the bank.	
40. When making a deal for a client, I only consider what is best for my clients needs.	
41. When making a deal for a client, I always consider how it will impact on my bonus earning potential.	
42. If a deal has the potential to impact highly positively on my bonus potential, yet there is the slightest possibility of a negative effect for my client, I would not consider making the deal.	
43. If a deal has the potential to impact highly positively on my bonus potential, yet there is the slightest possibility of a negative effect for my client, I would make the deal.	

Section 6.

Please answer all the following questions by filling in the rating, which in your view, is most appropriate to your work environment. The rating scale ranges from 1 to 7. Only enter 1, 2, 3, 4, 5, 6 or 7 under the rating column. The 7 - point rating scale is ranged along the following continuum:

1 = *"the business unit does not engage in the practice at all"*; through to
7 = *"the business engages in the practice to a very great extent"*.

To what extent does your business engage in the following practices?

Statement:	Rating:
1. customer commitment	
2. create customer value	
3. understand customer needs	
4. customer satisfaction objectives	
5. measure customer satisfaction	
6. after-sales service	
7. salespeople share competitor information	
8. respond rapidly to competitor's strategies	
9. top managers discuss competitor's strategies	
10. target opportunities for competitive advantage	
11. interfunctional customer calls	
12. information shared among functions	
13. functional integration in structure	
14. all functions contribute to customer value	
15. share resources with other business units	
16. quarterly profits are primary objectives	
17. require rapid payback	
18. positive margin in long-term	
19. profit performance measured market by market	
20. top managers emphasise market performance	
21. all products must be profitable	

APPENDIX 2: Page 1

respondent	Q2	Q3hr	Q4	Q4B	Q6hr	Q7hr	Q8A	Q8B	9	21A	22a	23a	24a	25a	26a	27anr	28	29a	30a	total	ns1	ns2	ns3	ns4	ns5	ns6	ns total
1	3	3	3	3	2	2	4	4	4	4	3	3	3	3	4	4	4	1	3	60	3	3	3	3	3	3	18
2	4	2	3	4	2	2	2	2	2	2	2	2	4	2	2	4	3	2	4	50	5	3	4	4	6	4	26
3	5	5	3	5	2	5	3	2	5	3	3	2	5	5	3	4	4	1	5	70	7	7	7	7	5	5	38
4	3	4	4	3	3	3	3	3	3	3	3	3	3	4	4	3	3	1	5	61	6	6	5	6	6	5	34
5	2	2	2	2	2	2	2	3	3	3	3	3	4	4	3	3	3	3	3	52	4	3	3	3	3	3	19
7	3	4	4	4	4	4	3	3	3	4	4	4	4	4	4	4	3	3	4	70	6	6	6	6	5	6	35
9	4	4	3	4	2	4	4	3	4	4	4	3	4	4	4	4	4	3	3	69	6	5	6	7	4	5	33
10	4	2	3	4	4	4	3	4	3	4	4	3	4	4	5	4	5	2	3	69	7	7	4	5	5	5	33
11	4	5	4	4	5	5	3	5	3	4	4	4	4	4	4	4	4	2	4	75	7	5	5	5	3	4	29
12	4	3	4	4	4	4	4	4	4	2	3	4	5	4	5	4	4	1	1	68	6	6	6	7	6	5	36
13	2	2	2	2	4	3	4	4	2	4	2	4	3	4	4	4	4	2	3	59	3	3	4	4	3	2	19
15	3	5	3	4	3	3	2	2	2	4	3	3	4	3	4	4	4	3	3	62	6	6	6	6	3	6	33
16	3	4	3	3	3	3	2	2	2	3	3	2	4	3	4	4	4	2	2	56	5	5	5	5	5	6	31
17	5	5	5	5	2	1	3	4	2	4	5	5	3	5	5	5	5	3	4	76	5	6	7	5	4	4	31
18	4	4	4	4	4	4	2	4	3	4	4	3	4	4	4	4	4	2	3	69	6	5	5	5	5	4	30
19	5	3	4	1	2	2	2	2	2	4	4	4	4	4	4	4	4	2	3	60	4	4	5	5	3	5	26
21	4	3	4	4	3	2	2	2	2	3	2	3	4	4	4	4	5	2	4	61	5	5	6	5	4	5	30
total	62	60	58	60	51	53	48	53	49	59	56	55	66	65	67	67	67	35	57	1088	91	85	87	88	73	77	501
mean	3.6	3.5	3.4	3.5	3.0	3.1	2.8	3.1	2.9	3.5	3.3	3.2	3.9	3.8	3.9	3.9	3.9	2.1	3.4	64	5.4	5.0	5.1	5.2	4.3	4.5	29.6
median	4	4	3	4	3	3	3	3	3	4	3	3	4	4	4	4	4	2	3	65							
range	3	3	3	4	4	4	3	3	3	3	3	3	2	3	3	2	2	3	4	26							

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respo ndent	Q2	Q3nr	Q4	Q4B	Q6nr	Q7nr	Q8A	Q8B	9	21A	22a	23a	24a	25a	26a	27anr	28	29a	30a	total	ns1	ns2	ns3	ns4	ns5	ns6	ns tota
1	4	3	2	4	3	3	2	2	3	3	3	3	4	4	4	4	4	1	3	59	3	5	2	5	1	1	17
2	4	5	4	5	5	4	3	4	3	4	4	5	4	5	3	3	4	2	4	75	7	7	7	7	6	7	41
3	5	4	4	5	5	5	3	4	3	4	5	4	4	5	4	4	4	4	4	80	7	6	6	7	5	6	37
4	5	4	2	5	5	5	1	5	1	4	4	4	4	5	5	5	5	1	5	75	7	7	6	6	5	5	36
5	5	4	4	5	5	5	2	5	2	4	5	5	4	5	5	5	5	2	5	82	7	6	6	5	5	7	36
6	5	4	4	5	3	4	2	2	2	4	2	3	2	4	4	4	4	2	4	64	6	6	6	6	6	6	36
7	4	3	3	4	4	4	3	4	2	3	4	4	4	5	4	5	4	2	3	69	5	5	5	4	4	3	26
8	5	4	3	4	4	4	4	4	2	4	3	4	4	4	4	4	4	4	3	72	7	7	7	7	5	6	39
9	4	3	3	4	4	4	1		1	4	3	4	4	4	4	4	4	1	3	59	6	5	5	5	4	4	29
10	4	4	3	4	4	5	3	4	3	3	3	4	4	4	5	5	4	1	3	70	6	6	6	6	5	6	35
11	5	2	3	5	4	5		4		3	4	4	4	5	4	4	5	3	4	68	7	6	6	6	5	5	35
12	5	2	4	4	4	5	3	4	4	4	4	4	3	4	4	4	4	3	4	73	7	7	7	7	3	6	37
13	4	4	4	4	4	5	3	3	1	5	4	4	1	4	5	5	5	1	3	69	7	4	7	7	5	4	34
14	5	5	5	5	5	5	3	4	3	3	5	3	3	5	2	3	3	1	3	71	6	6	6	7	5	6	36
15	4	4	4	4	4	4	1	3	1	4	2	3	3	4	4	4	2	1	3	59	6	6	4	6	5	5	32
16	5	5	2	4	5	5	4	4	4	2	2	5	5	5	5	5	5	2	5	79	7	6	7	7	5	7	39
17	4	2	4	4	4	4	3	4	3	3	3	4	2	4	4	4	2	2	4	64	7	7	7	7	7	7	42
18	5	5	4	4	5	5	4	4	4	5	4	4	4	5	5	5	4	3	3	82	6	6	6	6	6	6	36
19	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	3	4	75	7	7	7	7	7	7	42
20	5	5	5	5	4	5	3	4	3	4	4	4	3	4	5	5	5	2	4	79	6	6	7	7	3	5	34
21	5	1	5	5	5	5	5	5	5	5	5	5		5	5	5	5	1	3	80	7	7	7	7	7	7	42
23	5	4	4	5	5	5	3	4	3	4	5	4	4	5	4	4	4	4	4	80	7	6	6	7	5	6	37
total	101	81	80	98	95	100	60	81	57	83	82	88	74	99	93	95	90	46	81	1584	141	134	133	139	109	122	778
mean	4.6	3.7	3.6	4.5	4.3	4.5	2.7	3.7	2.6	3.8	3.7	4.0	3.4	4.5	4.2	4.3	4.1	2.1	3.7	72.0	6.4	6.1	6.0	6.3	5.0	5.5	35.4
median	5	4	4	4	4	5	3	4	3	4	4	4	4	5	4	4	4	2	4	75							
range	1	4	3	1	2	2	4	3	4	2	3	2	4	1	3	3	3	3	2	23							

APPENDIX 2: Page 3.

respondent	q2	Q3nr	Q4	Q4B	Q6nr	Q7nr	Q8A	Q8B	9	21A	22a	23a	24a	25a	26a	27anr	28	29a	30a	total	ns1	ns2	ns3	ns4	ns5	ns6	ns total
1	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	3	4	75	3	3	3	3	3	4	19
2	4	4	4	4	4	2	2	2	2	4	4	2	4	4	4	4	4	3	4	65	2	2	2	5	5	4	20
3	5	5	5	5	4	5	5	5	4	5	5	3	5	5	5	5	5	1	4	86	7	7	7	7	7	7	42
4	4	3	3	4	3	3	2	3	2	4	4	3	4	4	4	3	4	3	3	63	7	5	5	5	1	4	27
5	3	4	3	4	3	3	4	3	3	2	3	3	3	3	4	2	2	4	2	58	4	3	3	3	3	3	19
6	5	5	5	5	4	3	1	2	1	1	4	3	5	5	5	5	5	1	4	69	7	7	5	5	2	4	30
7	3	4	3	3	3	3	2	3	2	3	2	3	4	3	3	3	3	2	3	55	6	6	6	6	5	5	34
8	3	2	4	4	3	4	3	4	1	3	1	2	5	3	3	5	4	1	2	57	5	6	5	6	6	6	34
9	4	4	5	5	2	4	2	4	2	3	2	4	4	2	3	4	4	2	3	63	5	3	3	3	3	2	19
10	5	5	5	5	4	5	5	5	4	5	5	2	5	5	5	4	5	1	4	84	7	7	7	7	7	7	42
total	40	40	41	43	34	36	30	35	25	34	34	29	43	38	40	39	40	21	33	675	53	49	46	50	42	46	286
mean	4.0	4.0	4.1	4.3	3.4	3.6	3.0	3.5	2.5	3 4	3.4	2.9	4.3	3.8	4.0	3.9	4.0	2.1	3.3	67.5	5.3	4.9	4.6	5.0	4.2	4.6	28.6
median	5	4	4	4	3	3	2	4	2	3	4	3	4	4	4	4	4	2	3	66							
range	2	3	2	2	2	3	4	3	3	4	4	2	2	3	2	3	3	3	2	31							

APPENDIX 3: Page 1.

respondent	q11	12n	13n	14	15n	16n	17n	18	19	20	21b	22b	23b	24bn	[illegible]	26bn	27bn	29b	30bn	31bn	total	ns1	ns2	ns3	ns4	ns5	ns6	ns total
1	4	3	3	4	4	4	4	4	4	4	4	3	3	4	4	3	3	4	4	4	66	3	3	3	3	3	3	18
2	5	2	2	3	2	2	2	2	2	4	2	2	2	2	2	2	2	2	4	4	42	5	3	4	4	6	4	26
3	1	1	1	5	5	3	5	3	5	5	3	3	2	1	5	2	3	1	1	3	64	7	7	7	7	5	5	38
4	2	3	3	4	3	3	3	3	3	3	3	3	3	3	3	4	5	1	3	5	55	6	6	5	6	6	5	34
5	2	2	2	3	3	3	3	2	2	2	3	3	3	3	3	3	3	3	3	3	48	4	3	3	3	3	3	19
7	4	4	4	4	4	4	4	3	3	4	3	3	3	3	4	3	3	3	3	3	63	6	6	6	6	5	6	35
9	4	4	4	3	3	3	3	4	4	4	3	3	3	4	4	4	4	3	3	4	64	6	5	6	7	4	5	33
10	4	3	3	3	4	4	3	3	3	5	2	4	3	2	3	3	3	2	3	3	57	7	7	4	5	5	5	33
11	4	4	4	4	4	4	4	3	2	3	3	4	4	3	4	3	4	1	3	3	62	7	5	5	5	3	4	29
12	5	3	3	4	3	3	3	4	4	4	2	2	4	3	3	3	3	1	1	5	57	6	6	6	7	6	5	36
13	4	3	2	2	2	3	2	2	2	4	2	2	2	3	2	3	3	2	2	4	45	3	3	4	4	3	2	19
15	3	3	3	3	4	3	3	2	2	3	3	3	3	3	3	3	3	3	3	4	63	6	6	6	6	3	6	33
16	5	2	3	4	4	4	3	2	2	3	2	2	2	4	2	4	4	2	4	2	54	5	5	5	5	5	6	31
17	3	5	5	5	5	4	5	2	3	3	3	4	4	3	4	5	5	3	5	5	71	5	6	7	5	4	4	31
18	4	4	4	4	3	4	4	4	2	4	4	4	3	4	4	4	4	2	2	4	66	6	5	5	5	5	4	30
19	4	4	4	4	2	2	2	2	2	4	2	2	2	2	2	2	2	2	2	4	46	4	4	5	5	3	5	26
21	4	4	4	4	3	3	3	3	3	4	3	2	3	4	4	3	4	3	3	5	61	5	5	6	5	4	5	30
total	62	54	54	63	58	56	56	48	48	[illegible]	47	49	49	51	56	54	58	38	49	65	964	91	85	87	88	73	77	501
mean	3.4	3.0	3.0	3.5	3.2	3.1	3.1	2.7	2.7	3.5	2.6	2.7	2.7	2.8	3.1	3.0	3.2	2.1	2.7	3.6	56.7	5.1	4.7	4.8	4.9	4.1	4.3	27.8
median	4	3	3	4	3	3	3	3	3	4	3	3	3	3	4	3	3	2	3	4	64							
range	4	4	4	3	3	2	3	2	3	3	2	2	2	4	3	3	3	3	4	3	26							

APPENDIX 3: Page 2.

raspo ndent	q11	12n	13n	14	15n	16n	17n	18	19	20	21b	22b	23b	24bn	25b	26bn	27bn	29b	30bn	31bn	total	ns1	ns2	ns3	ns4	ns5	ns6	ns tot
1	5	3	3	3	3	3	3	3	3	4	3	3	3	2	4	4	2	1	3	1	55	3	5	2	5	1	1	17
2	4	4	4	5	4	4	4	4	3	3	4	4	5	3	4	2	3	2	4	4	66	7	7	7	7	6	7	41
3	3	5	4	4	4	4	5	4	3	4	4	5	4	3	5	3	3	4	3	3	71	7	6	6	7	5	6	37
4	2	5	4	4	4	4	4	4	1	1	3	4	4	4	5	5	1	1	1	1	60	7	7	6	6	5	5	36
5	4	5	4	5	4	4	4	4	2	2	3	5	5	4	5	5	1	2	1	1	68	7	6	6	5	5	7	36
6	4	4	4	4	3	4	4	2	2	2	3	2	3	2	4	2	4	2	3	4	55	6	6	6	6	6	6	36
7	4	3	3	4	3	3	2	3	2	3	3	3	3	4	3	4	1	2	3	4	53	5	5	5	4	4	3	26
8	4	4	4	4	4	4	4	4	3	4	2	2	4	2	4	3	3	4	4	3	63	7	7	7	7	5	6	39
9	4	4	4	4	4	4	4	3	1	2	3	3	4	3	4	4	2	1	3	2	58	6	5	5	5	4	4	29
10	4	4	4	4	5	4	4	4	3	4	3	3	4	4	4	4	1	2	3	1	65	6	6	6	6	5	6	35
11	5	5	4	4	4	4	4	4			3	4	4	3	4	2	2	3	2	2	59	7	6	6	6	5	5	35
12	4	4	4	4	4	4	4	4	3	4	3	4	3	3	4	2	2	3	2	2	63	7	7	7	7	3	6	37
13	5	3	3	1	4	3	2	2	2	4	4	4	4	5	4	3	2	1	3	1	56	7	4	7	7	5	4	34
14	4	5	5	5	4	4	3	3	3	3	2	5	3	4	5	2	3	1	3	2	64	6	6	6	7	5	6	36
15	1	3	3	4	3	3	4	4	4	3	1	2	2	5	1	2	2	1	1	1	48	6	6	4	6	5	5	32
16	5	5	4	5	4	4	4	4	2	5	2	2	4	5	4	4	1	1	1	1	65	7	6	7	7	5	7	39
17	3	4	4	4	4	4	4	4	3	3	3	3	4	4	4	4	2	2	2	2	63	7	7	7	7	7	7	42
18	5	5	5	5	5	2	4	5	3	5	4	4	4	4	5	5	1	3	3	5	74	6	6	6	6	6	6	36
19	4	4	4	4	4	2	2	4	2	4	2	2	2	3	3	4	2	3	2	2	55	7	7	7	7	7	7	42
20	5	4	4	5	4	4	4	5	5	5	4	4	3	4	4	4	1	2	2	2	71	6	6	7	7	3	5	34
21	5	5	5	5	5	5	5	5	3	3	5	5	5	5	5	5	1	1	3	1	78	7	7	7	7	7	7	42
23	3	5	4	4	4	4	5	4	3	4	4	5	4	3	5	3	3	4	3	3	71	7	6	6	7	5	6	37
total	87	93	87	91	87	81	83	83	56	72	68	78	81	79	90	76	43	46	55	48	1381	141	134	133	139	109	122	778
mean	4.0	4.2	4.0	4.1	4.0	3.7	3.8	3.8	2.5	3.3	3.1	3.5	3.7	3.6	4.1	3.5	2.0	2.1	2.5	2.2	63.0	6.4	6.1	6.0	6.3	5.0	5.5	35.4
meadian	4	4	4	4	4	4	4	4	3	4	3	4	4	4	4	4	4	2	3	4	64							
range	4	2	2	4	2	3	3	3	4	3	4	3	3	3	4	3	3	3	4	3	31							

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respo ndent	q11	12n	13n	14	15n	16n	17n	18	19	20	21b	22b	23b	24bn	25b	26bn	27bn	29b	30bn	31bn	total	ns1	ns2	ns3	ns4	ns5	ns6	ns tot
1	4	4	4	4	4	4	4	4	4	4	4	4	4	3	4	3	3	4	3	4	69	3	3	3	3	3	4	19
2	4	2	4	3	4	2	2	2	2	4	4	4	2	2	4	4	4	3	4	4	56	2	2	2	5	5	4	20
3	5	5	5	5	5	5	5	5	4	5	3	3	3	5	5	5	5	1	4	5	79	7	7	7	7	7	7	42
4	5	4	3	4	4	4	4	4	3	5	4	4	3	3	3	3	3	3	3	3	66	7	5	5	5	1	4	27
5	4	4	4	3	3	3	3	3	3	4	4	3	3	2	3	2	2	3	5	5	56	4	3	3	3	3	3	19
6	5	5	5	5	5	4	3	4	1	5	1	3	3	1	5	5	5	1	4	4	66	7	7	5	5	[illegible]	4	30
7	4	3	2	2	2	2	4	2	2	4	2	2	2	3	2	3	3	2	3	2	46	6	6	6	6	[illegible]	5	34
8	4	3	3	2	4	3	2	2	1	5	1	1	1	3	3	3	5	1	2	5	47	5	6	5	6	6	6	34
9	5	2	2	2	2	2	2	2	1	1	2	2	2	4	2	4	4	2	3	4	43	5	3	3	3	3	2	19
10	5	5	5	5	5	5	5	5	4	5	4	4	3	4	5	3	3	1	4	5	76	7	7	7	7	7	7	42
11	4	4	4	2	3	3	3	3	3	4	4	3	3	2	3	2	2	3	5	5	55	4	3	3	3	3	3	19
total	49	41	41	37	41	37	37	36	28	46	33	33	29	32	39	37	39	24	40	46	659	57	52	49	53	45	49	305
mean	4.5	3.7	3.7	3.4	3.7	3.4	3.4	3.3	2.5	4.2	3.0	3.0	2.6	2.9	3.5	3.4	3.5	2.2	3.6	4.2	60	5.2	4.7	4.5	4.8	4.1	4.5	27.7
median	4	4	4	3	4	3	3	3	2	4	4	3	2	3	3	3	4	2	3	4	65							
range	1	3	3	3	3	3	3	3	3	4	3	3	3	3	3	3	3	3	3	3	36							

Appendix 4:
Data for Spearman rank-order correlation: Bank A obj1

x	y	x rank	y rank	d	d^2
60	18	5.5	1	4.5	20.25
50	26	1	4.5	-3.5	12.25
70	38	14.5	17	-2.5	6.25
61	34	7.5	14	-6.5	42.25
52	19	2	2.5	-0.5	0.25
0	35	14.5	15	-0.5	0.25
69	33	12	12	0	0
69	33	12	12	0	0
76	29	16.5	6	10.5	110.25
68	36	10	16	-6	36
59	19	4	2.5	1.5	2.25
62	33	9	12	-3	9
56	31	3	9.5	-6.5	42.25
76	31	16.5	9.5	7	49
69	30	12	7.5	4.5	20.25
60	26	5.5	4.5	1	1
61	30	7.5	7.5	0	0
				$\sum d^2$ =	**351.5**

$$r' = 1 - \frac{6 \sum d^2}{n(n^2-1)}$$

$$= \quad 0.57$$

Bank B: obj 1

x	y	x rank	y rank	d	d^2
59	17	2	1	1	1
75	41	14	19	-5	25
80	37	19	15	4	16
75	36	14	11	3	9
82	36	21.5	11	10.5	110.25
64	36	4.5	11	-6.5	42.25
69	26	7.5	2	5.5	30.25
72	39	11	17.5	-6.5	42.25
59	29	2	3	-1	1
70	35	9	7.5	1.5	2.25
68	35	6	7.5	-1.5	2.25
73	37	12	15	-3	9
69	34	7.5	5.5	2	4
71	36	10	11	-1	1
59	32	2	4	-2	4
79	39	16.5	17.5	-1	1
64	42	4.5	21	-16.5	272.25
82	36	21.5	11	10.5	110.25
75	42	14	21	-7	49
79	34	16.5	5.5	11	121
80	42	19	21	-2	4
80	39	19	15	4	16
				Σd^2 =	**873**

$$r' = 1 - \frac{6\,\Sigma d^2}{n(n^2-1)}$$

$$= \quad 0.51$$

Bank MB: obj1

x	y	x rank	y rank	d	d^2
75	19	8	2	6	36
65	20	6	4	2	4
86	42	10	9.5	0.5	0.25
63	27	4.5	5	-0.5	0.25
58	19	3	2	1	1
69	30	7	6	1	1
55	34	1	7.5	-6.5	42.25
57	34	2	7.5	-5.5	30.25
63	19	4.5	2	2.5	6.25
84	42	9	9.5	-0.5	0.25
				$\sum d^2 =$	**121.5**

$$r' = 1 - \frac{6 \sum d^2}{n(n^2-1)}$$

$$= \quad 0.26$$

Bank A: obj 2

x	y	x rank	y rank	d	d^2
66	18	15.5	5.5	10	100
42	26	1	1	0	0
54	38	6.5	14.5	-8	64
55	34	8	7.5	0.5	0.25
48	19	4	2	2	4
63	35	13	14.5	-1.5	2.25
64	33	14	12	2	4
57	33	9.5	12	-2.5	6.25
62	29	12	16.5	-4.5	20.25
57	36	9.5	10	-0.5	0.25
45	19	2	4	-2	4
53	33	5	9	-4	16
54	31	6.5	3	3.5	12.25
71	31	17	16.5	0.5	0.25
66	30	15.5	12	3.5	12.25
46	26	3	5.5	-2.5	6.25
61	30	11	7.5	3.5	12.25
				$\sum d^2$ =	**264.5**

$$r' = 1 - \frac{6 \sum d^2}{n(n^2-1)}$$

$$= \quad 0.68$$

Bank B: obj 2

x	y	x rank	y rank	d	d^2
59	17	5	1	4	16
64	41	10.5	19	-8.5	72.25
71	37	18.5	15	3.5	12.25
64	36	10.5	11	0.5	0.25
72	36	20	11	9	81
53	36	3	11	-8	64
51	26	1	2	-1	1
63	39	9	17.5	-8.5	72.25
60	29	6.5	3	3.5	12.25
69	35	15.5	7.5	8	64
61	35	8	7.5	0.5	0.25
65	37	12.5	15	-2.5	6.25
60	34	6.5	5.5	1	1
66	36	14	11	3	9
52	32	2	4	-2	4
69	39	15.5	17.5	-2	4
65	42	12.5	21	-8.5	72.25
70	36	17	11	6	36
57	42	4	21	-17	289
73	34	21	5.5	15.5	240.25
82	42	22	21	1	1
71	37	18.5	15	3.5	12.25
				$\sum d^2 =$	**1070.5**

$$r' = 1- \frac{6 \sum d^2}{n(n^2-1)}$$

$$= \quad 0.4$$

Bank MB: obj 2

x	y	x rank	y rank	d	d^2
69	19	9	2.5	6.5	42.25
56	20	5.5	5	0.5	0.25
79	42	11	10.5	0.5	0.25
66	27	7.5	6	1.5	2.25
56	19	5.5	2.5	3	9
66	30	7.5	7	0.5	0.25
46	34	2	8.5	-6.5	42.25
47	34	3	8.5	-5.5	30.25
43	19	1	2.5	-1.5	2.25
76	42	10	10.5	-0.5	0.25
55	19	4	2.5	1.5	2.25
				$\sum d^2$ =	**131.5**

$$r' = 1 - \frac{6 \sum d^2}{n(n^2 - 1)}$$

$$= \quad 0.4$$

x	y	x rank	y rank	d	d^2