'BANKING ON THE CUSTOMER'

Customer Relations, Employment Relations, and Worker Identity in the Australian Retail Banking Industry

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In memory of

My mother, Joan Lyddiard.

Declaration

I declare the work contained in this thesis is the result of original research and has not been submitted for a higher degree at any other university.

ABSTRACT

Previously consigned to the anonymity of ‘the product market’ by researchers in traditional fields such as labour economics and industrial relations, the customer has recently attracted the attention of scholars from a diverse range of disciplines, including organisational behaviour, work psychology, labour process studies, gender studies, and critical management studies. In large part, this emerging interest in the customer is a result of the increasing dominance of service industries in developed economies and the recognition that service work entails a complex, three-way interaction between customers, management and workers. The literature identifies a range of competing and, at times, contradictory images of the customer. Rather than seeking to reconcile these competing representations, this thesis explores the multi-faceted nature of the customer presence and the implications for managers and workers in the retail banking industry in Australia.

The thesis highlights how structural change and shifting discourses of the ‘customer’ have influenced customer relations, employment relations, and worker identity in three areas of the retail banking industry: traditional retail banks, the credit union movement, and community banks. Drawing on detailed qualitative case study evidence, the thesis highlights the range of customers, both ‘real’ and ‘constructed’, that can be found in the case study organisations. The thesis identifies the ways in which customers influence employment relations and how workers can be active in either accommodating or resisting the impact of these ‘customers’ on workplace practice and worker identity.

The central argument of the thesis is that, in addition to customers having a physical presence in and influence on organisational life, management and workers also construct ‘discursive customers’ as a means of influencing the employment relationship and the meanings attached to service work. The study examines how these competing concepts of the customer and customer service influence both the customer-service provider relationship and service workers’ relationships with one another and with management.

Banking on the Customer

Despite the increasing recognition that service work entails a three-way relationship between customers, management and workers, our understanding of how workers either welcome or resist the presence of this third actor in the employment relationship has, until recently remained very limited. This thesis makes a significant contribution to our understanding that for workers the customer is ever-present physically, emotionally and discursively.

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CUSTOMER RELATIONS, EMPLOYMENT RELATIONS AND WORKER IDENTITY IN THE AUSTRALIAN RETAIL BANKING INDUSTRY

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LIST OF ABBREVIATIONS

ABA	Australian Bankers' Association
ACA	Australian Consumers' Association
ACT	Australian Capital Territory
AGM	Annual General Meeting
ANZ	Australia and New Zealand Banking Corporation
APRA	Australian Prudential Regulation Authority
ATM	Automated Teller Machine
AWA	Australian Workplace Agreement
CBA	Commonwealth Bank of Australia
CBOS	Commonwealth Bank Officers' Section
CEO	Chief Executive Officer
CFMEU	Construction, Forestry, Mining and Energy Union
CSO	Customer Service Officer
CUSCAL	Credit Union Services Corporation Australia Limited
EBA	Enterprise Bargaining Agreement
EFTPOS	Electronic Funds Transfer at Point of Sale
FSU	Finance Sector Union
FSCPC	Financial Services Consumer Policy Centre
HUCTW	Harvard Union of Clerical and Technical Workers
HREOC	Human Rights and Equal Opportunity Commission
MCCU	Maitland Community Credit Union
MSO	Member Service Officer
NAB	National Australia Bank

NSW	New South Wales
PSA	Prices Surveillance Authority
TCFU	Textile Clothing and Footwear Union
WOCCU	World Council of Credit Unions

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SECTION ONE

Literature, Aims and Methods

CHAPTER ONE
INTRODUCTION

1.1 Introduction

The thesis opens with an explanation of the processes that have influenced the direction my research has taken, and that have ended in this ordered representation of the role of the customer in retail banking in Australia. It is important that the reader is made aware of the genesis of this project because the formal structuring of the thesis masks the journey that led me not only to the different case study organisations presented here but also to the different theoretical perspectives I have drawn upon in the research. Both structural and discursive approaches to the study of work have informed my research. Discourse has come to mean many things. Hodgson (2000: 57) has commented that “the vagueness of the term has led to questions about the limits of the concept and caused some to ask if ‘everything is discourse’?”. While I am not suggesting that there is nothing beyond discourse, I have discovered during the thesis journey that discourse is a powerful lens for seeing, learning, and understanding ongoing events (Putnam and Fairhurst 2001: 79). However, it is not the only lens, and in order to produce a clear picture of the changing customer and employment relations in retail banking in Australia it is necessary to appreciate the impact of both changing structures and changing discourses on the industry generally and the case study organisations in particular. My understanding of and approach to the use of discourse is outlined in the second section of this introduction. The final section of the introduction outlines the thesis structure and provides an overview of each of the chapters.

1.2 The Research Journey

Despite the growing interest in the study of service industries, until relatively recently the customer was accorded only marginal importance in the mainstream employment relations literature, very often portrayed as an outside influence and an abstract component of product markets. However, the increasing dominance of service industries in advanced economies, has served to relocate the customer to a more central position and there is now a growing body of multi-disciplinary literature which considers the customer from a range of different perspectives. Academics writing from organisational behaviour, labour process, feminist, critical management and post-modern perspectives have provided us with an array of diverse, shifting, contradictory and contested images of the customer. This thesis builds on these diverse images of the customer, not in an attempt to reconcile the contradictions or conflicts in the images presented, but rather, to show that such diverse and shifting images reflect the diverse and shifting nature of customer service work.

At the same time that the customer has begun to feature more frequently in the academic literature, a striking image of the customer has also emerged in the Australian media and popular culture. In 2001, customer dissatisfaction with retail banks appeared to reach a crescendo in Australia. In that year a book entitled, *Banks Behaving Badly,* which recounted numerous stories about poor banking experiences, became a best seller. In the same year, an Australian movie called *'The Bank'* was a box office success with audiences applauding and cheering at the end of the film as the greedy bank executives were forced to confront the consequences of their actions. It was not surprising, therefore, that when in the same year I began the preliminary interviews for this study and explained to people that the focus of the thesis was 'the influence of the customer in retail banking', the general, cynical response was, 'What influence?' It seemed that even those working within the industry believed that the balance had shifted too firmly in management's favour and that customers had very little, if any, influence.

Increased fees on retail transaction accounts, a decade of bank branch closures, and decreasing access to face-to-face service delivery options had fuelled extremely high levels of customer dissatisfaction with the banks. The extraordinarily high profits generated by the banks and large salaries paid to senior bank executives exacerbated this disenchantment. Yet running alongside the many media accounts of customer dissatisfaction and disenfranchisement were stories of retail banking customers who had seemingly taken matters into their own hands and were re-establishing a banking presence in their towns and suburbs through Bendigo Bank's community bank model. The advent of the community banks captured the imagination of the media and the public and were often couched as 'David versus Goliath' contests that played into the Australian psyche and the idea that ordinary

Australians could take matters into their own hands and find a way to outwit the large, powerful banks. The media accounts represented the community bank customer as informed, discerning and pro-active. Here, at least, appeared to be an area of retail banking where consumers did have influence and it was for this reason that I began my detailed empirical research with an examination of community banks.

The community banks operate effectively as franchises of Bendigo Bank, a regional bank based in Victoria. Senior management at Bendigo Bank had envisaged that community banks would be established only in rural towns and regional centres. However, the concept has also found appeal amongst disenfranchised customers in the suburbs of large metropolitan cities and since 1998 over 100 community banks have opened their doors in towns and cities across Australia. The thesis provides an overview of Bendigo Bank's model of 'community bank' as well as in-depth case study research into four community banks. A mix of regional, rural and metropolitan banks was chosen to reflect the broad appeal of the community bank model. One of the community bank cases is located in a suburb in a large metropolitan city, another in a suburban location outside of a major industrial centre, one in a rural town, and the other in a coastal area of Australia that is witnessing significant increases in population growth.

When I began sharing my findings about community banks, some of my colleagues expressed an interest in how such banks differed from credit unions. This was an appropriate response because Bendigo Bank had appropriated much of the terminology used by credit unions and was using very similar language in its marketing campaigns. I took up their suggestions to investigate these similarities and it became clear that, despite an overlap in marketing discourse, the customer relations strategies pursued by the credit unions were different to those of the community banks.

I also discovered that structural changes to the Australian Financial Service Sector that began in the 1980s had particularly affected credit unions. Studying credit unions provided the possibility of exploring how these structural pressures had impacted at the organisational level. The three case study credit unions considered in the thesis were originally chosen because they reflected different aspects of the credit union movement. The first credit union had maintained strong links with its original customer base, public school teachers, and provided the opportunity to explore the advantages that all credit unions once had: a discrete and committed customer base. By contrast, in the second credit union, restructuring of a major government utility had dissipated its discrete customer base and this credit union was now competing 'on a level playing field' with other retail banking institutions in a relatively poor socio-economic region. The third credit union had been active in re-establishing banking services in rural towns and promised to make an interesting comparator to Bendigo Bank's community banks.

While examining the cases of community banks and credit unions, I was also gathering information on the four major retail banks in Australia and the Finance Sector Union (FSU), which represents workers in the industry. These four banks dominate retail banking in Australia and over the last decade their customer relations strategy has shifted from an emphasis on customer service to product sales. While the effects of this shift have been well documented little attention has hitherto been paid to the FSU's attempts to limit the negative impact of these changing strategies, including those which have sought to incorporate customers into the union's campaigns. Exploring the union's own customer discourse and consumer campaign strategies allows us to not only assess the efficacy of such campaigns, but also to better understand the impact of changing industry structure and management discourse on employment relations across retail banking.

I began this research with the aim of uncovering how the customer influenced the way that work was designed, organised, delivered, supervised and rewarded in the case study organisations. The customer I had in my mind was very much the tangible, physical customer who related to the worker over the counter or telephone. While I certainly did uncover ways in which this tangible customer influenced the social relations of workplaces, I found that in retail banking the customer has as much (if not more) influence as a *discursive* construct. Management and worker discourses constituted the subject of the 'customer' and these discursive customers influenced the social relations of the workplaces I was studying. As the evidence base grew, it became increasingly clear to me that these different 'customers' shaped not only organisational practice but also worker identity and patterns of worker accommodation and resistance.

Accordingly, the aim of the research altered substantially with the focus shifting decisively to the way in which front-line service workers interact with customers and how the concepts of the customer and customer service which they utilise influence that relationship and indeed their relationships with one another and with management. It is argued that within the retail banking industry in Australia a range of different concepts of the 'customer' and 'customer service' have been invoked by different actors in the industry. These different concepts have included customer as consumer, client, profit-maker, transactor, member, owner, community, neighbour, friend, and ally. As such, the end product of the research journey is a thesis that seeks to deepen our understanding not only of the customer as a significant actor in the world of work, but also of the ways in which the 'customer', both as a real physical presence and as a discursive construct, influences both workplace practices and worker identity.

1.3 Structure, Discourse, and Identity

Throughout the thesis, I have related definitions of discourse to an understanding of the central importance of both changing structures and discourses in the organisations I was studying. I have come to define discourse as all language (spoken interaction and written texts) and practices associated with its production, dissemination and reception that shape our attitudes, behaviour and perceptions of reality (Phillips and Hardy 2001, Sturdy and Morgan 2000, Hodgson 2000, Grant, Keenoy and Oswick 1998, Purvis and Hunt 1993, Potter and Wetherall 1987). Discourse analysis then is more than a method for investigating texts, "it also involves a set of assumptions concerning the constructive effects of language" (Phillips and Hardy 2001: 5). I have used discourse as an epistemological tool to challenge my original theoretical framework and to uncover phenomena and practices in the case study organisations that I might not have recognised without such a tool. Discourse analysis has allowed me to identify the ways in which individuals in the case study organisations came to understand, influence, and, at times, resist the changes that were occurring around them.

I have adopted a contingent view of discourse and hold to the position that discourses are limited by the social order in which they operate. As Freeden (2003: 112) argues, "the possibilities of discourse in any society are limited … by its own history, and by the cultural constraints that block off some discursive interpretations of the political world and make several of them more challenging and interesting than others”.

Given the degree of structural change that has occurred in the financial service sector in Australia since the 1980s, I knew that it would be misleading to suggest that the idea of “competing discourses and multiple [customer] identities” (Thompson and Ackroyd 1995: 628) alone could explain the changing nature of the employment relationship in the case study organisations. Nevertheless, it was also evident that the way that people in the case study organisations made sense of these changes had consequences for the direction and character of their action and inaction (Purvis and Hunt 1993: 474). Conceptually, the main challenge lay in reconciling the importance of identifying the underlying structural forces that have shaped continuity and change in the financial services sector generally, and in the case study organisations specifically, with an understanding that discourse was the way that actors in the case study organisations both made sense of and sought to respond to these changes. In other words, my understanding that discourse is “the principal means by which members of these organisations created a social reality that framed their sense of who they are” (Mumby and Clair 1997: 181).

I have come to understand that the two approaches – the structural and the discursive - are not only reconcilable but also codetermining. Indeed, the empirical research highlighted for me how social structures limit the discourses that individuals can draw upon, and in turn, how discourses can transform social structures. In this regard, my position follows that of Morgan and Sturdy (2000: 33) who argue that:

> Discourses – are socially structured and structuring as well as intersubjectively mediated. What *can* be said (and done) is … the basis of ‘social action’ rather than ‘discourse’. In turn, what can be said can only be understood by examining the underlying structure and how this constrains and empowers actors in differential ways. Through the development of particular discourses, actors are able to reflect on and modify their practices. The modification of practices can reinforce or undermine the structures out of which they emerged.

As such, it would seem imperative to examine organisational life through the lenses of both structure and discourse. As Morgan and Sturdy (2000: 33) argue: “Structural arrangements and discourses coexist and need to be analysed together in order to make sense of processes of change”.

In the specific context of this study, structural change to the financial service sector occurred independently of the consciousness of individual managers and workers in particular organisations. However, how these changes were understood and the strategies employed in response to them are located within discourse. What discourse theory offers is an understanding, not that everything can be reduced to discourse, but that all knowledge is located within discourse. As Purvis and Hunt (1993: 492) argue, “all knowledge, all talk, all argument takes place within a discursive context through which experience comes to have, not only meaning for its participants, but shared and communicable meaning within social relations”.

I was able to identify how managerial discourses of the customer and customer service may be accommodated or resisted by workers. The workers in the case study organisations were not passive recipients of the managerial discourses of the customer and customer service. As Grant and Shields (2002: 194) argue, “they [employees] are active organisational agents with their own interests and subjectivities who are seeking to establish their own social and power relations”. Equally, it must be acknowledged that the structural conditions in which the workers are located can limit their power to construct and (resist) new discourses (Morgan and Sturdy 2000: 255). My research identifies ways in which workers drew on previous managerial discourses of the customer and customer service and used these as resources in their struggles with managers over the changes management wanted to implement (Rosenthal, Hill and Peccei, 1997). An understanding of how both managerial and employee discourses are created, resisted and/or transformed within the context of a set of structural conditions became critical to understanding the management/worker relations in the case study organisations.

The thesis also identifies the way in which these different customer and employee relations discourses have the potential to impact on worker subjectivity and identity. Knights and McCabe (2000: 422) define worker subjectivity as the way in which individuals interpret and understand their circumstances and is bound up with the sense they have of themselves (identity). Understood in this way, worker subjectivity is *not* “something that is done to individuals”, rather that individuals “participate in the constitution of their own subjectivity as they reflect on, and reproduce the social world” (Knights and McCabe 2000: 424). Accordingly, different discourses of the customer add to the set of narratives available to individuals as they seek to understand the impact of changing structures and discourses on their identity as workers. Looking through the lenses of changing structure and changing discourses the thesis adds to our understanding of "how the customer is conceptualised by those engaged in service work" and, in particular, "the implications of employee discourses of the customer" for worker identity (Rosenthal, Peccei and Hill 2001: 35).

This thesis, then, identifies the specific interconnection of structures and discourses that exist within the case study organisations at particular points in time and space. In the case of credit unions, examining the underlying structures and competing discourses of the customer and customer service helps us to understand the significant change occurring across the credit union movement in Australia today. In the case of community banks, identifying the underlying structures and managerial and employee discourses of the customer and customer service sharpens considerably our understanding of the emergence of a new organisational form into the retail banking market. Community banks and credit unions have responded somewhat differently to the ongoing structural change they have faced since the 1980s. These different responses are uncovered in the thesis by examining the different discourses of the customer and customer service that operate within the large retail banks, credit unions and community banks. The thesis compares the different ways that the customer is conceptualised by these organisations and identifies the different employment relations outcomes, including perceptions of the exchange implied in the employment relationship or what has been termed the 'psychological contract' (Grant 1999: 328). Rousseau (1990: 39) describes the psychological contract as a "set of expectations held by the individual employee that specifies what the individual and the organisation expect to give and receive in the working relationship". The expectations attached to an employee's psychological contract will be shaped by a range of factors: from value socialisation and prior work experience to the attitudinal impact of specific human resource practices. My contention is that in service work in particular, the nature of the organisation's customer relations strategy is also particularly influential here. The thesis identifies a range of ways in which shifting customer relations strategy impacts on the human resource practices and can change employee perceptions and expectations of the psychological contract.

1.4 Structure of the Thesis

The thesis consists of five sections, which together seek to provide a general overview of the role of the customer in retail banking in Australia, as well as a detailed examination of the impact of the customer on employment relations and worker identity in the case study organisations.

Section One – Literature, Aims and Methods - comprises this introductory chapter, followed by Chapter Two, which seeks to build on our understanding of the role of the customer by providing a detailed overview of the growing and diverse literature on the customer. This review sets out the theoretical foundation upon which the empirical research is based. The review outlines a number of different roles that have been attributed to customers and allows us to identify which of these roles apply to customers in retail banking. Chapter Three outlines why retail banking is a pertinent case for the study of the role of the customer. It also introduces the case study organisations and outlines the thesis methodology. The overall purpose of this chapter is to place the study of retail banking in the context of the ongoing and wide ranging change that has taken place in the Australian financial services sector, to provide essential background information on the case study organisations, to explain why these cases were chosen, and to overview the way that the research was conducted.

Section Two – The Customer and the Retail Banks **-** provides a general overview of customer and employment relations in the four major banks that dominate retail banking in Australia. The two chapters in this section draw on the extensive body of research already available about the large retail banks and supplements this with additional original data in order to show how concepts of the customer and customer service have shifted significantly over the past two decades in the major Australian retail banks. The two chapters focus on the four largest retail banks because their domination of the industry and the lack of differentiation in the services they offer have significant implications for retail bank customers and for workers in the industry generally. The different approaches taken by the credit unions and community banks can only be understood against the backdrop of developments in the large retail banks. Chapter Four outlines the structural changes that have occurred within the retail banking industry since the early 1980s. The four major banks operate virtually as an oligopoly in the Australian context and their customer service strategies in recent years have had a significant impact on levels of customer satisfaction within the industry. The chapter also outlines the effect of these changing structures and customer service strategies on those working in the major banks. These changes have resulted in significant job losses and a shift in the role of front-line bank staff from service provision to product sales. Chapter Five sets out how the union representing retail bank workers, the FSU, has sought to limit the impact of job losses and workplace change on its membership. The union has pursued this, in part, by drawing parallels between the concerns of retail bank customers and workers and by discursively constructing the customer as a 'friend' or 'ally' of retail bank workers. This chapter examines the potential and limitations of union strategy build on the notion of 'customer as ally'.

Section Three – The Customer and Credit Unions **–** consists of two chapters that provide a comprehensive overview of changing structures and discourses in credit unions in Australia. Credit unions as co-operatives operate within a completely different discursive framework to the large retail banks. These chapters allow us to investigate whether or not the very different concept of the customer to be found in credit unions has produced employment relationships different to those in the major banks. Chapter Six provides an overview of the credit union movement and outlines the impact of structural change on credit unions generally. The chapter also introduces the three credit union cases in broad terms. Chapter Seven outlines how the three case study credit unions have reinterpreted the credit union principle of mutuality in the face of broad structural change to the financial services sector generally. This chapter is organised thematically and outlines how changing customer discourse and customer service strategy influences and shapes human resource strategy and industrial relations in the three case study credit unions. The chapter also identifies ways in which workers in the case study credit unions have embraced, accommodated or resisted managerial discourses of the customer and changing customer service strategy.

Section Four – The Customer and Community Banks - comprises two chapters dealing with the Bendigo Bank’s community banks. This section of the thesis examines the case of an industry player, which seems to be invoking concepts of the customer now abandoned by the large retail banks. The accent placed on notions of ‘old-fashioned, local service’ by the community banks appears to appeal to retail banking customers who have become disenfranchised by the approach taken by the large retail banks. This section outlines the significant growth experienced by Bendigo Bank under its community bank model and examines how the different customer relations to be found in community banks impact on human resource strategy, industrial relations, and worker identity. Chapter Eight introduces Bendigo Bank and outlines the active involvement of the customer in the planning and establishment phase of a new community bank. The chapter also provides some general information about Bendigo Bank and introduces the four case study community banks. Chapter Nine provides detailed empirical evidence drawn from the four community bank cases and follows the same thematic format to that applied to the credit union cases. The chapter outlines how Bendigo Bank’s particular conceptualisation of the customer and customer service strategy influences human resource strategy and industrial relations practice, and helps to shape worker identity in the four community banks. This chapter also compares the different ways that workers in the credit unions and community banks accommodate and resist the changing structures, discourses and practices affecting change in their workplaces.

Section Five – General Conclusions **-** provides a conclusion to the thesis and draws out the main empirical and conceptual findings from the research. The conclusion reiterates the impact of broad structural change on the retail banking industry generally and the case study organisations specifically. It also highlights similarities and differences in the way that ‘customers’ have influenced employment relations and worker identity in the case study organisations. The conclusion identifies how different customer relations strategies influence employment relations, in particular the psychological contract between management and employees. These shifting customer and employment relations strategies also have the potential to affect worker subjectivity and the conclusion demonstrates how workers in the case study organisations have responded to attempts to reshape their identity.

CHAPTER TWO

CONCEPTUALISING THE CUSTOMER

2.1 Introduction

The growing prominence of service industries in advanced economies has increased the need to better understand the role of the customer as a significant actor in the world of work. This is because service work entails a complex three-way interaction among management, workers and customers (McCammon and Griffin 2000, Frenkel, Korczynski, Shire, and Tam 1999). In service work the customer is not one-step removed from the organisation but enters into the workplace through direct contact with workers and it is this direct contact that makes service work unique. The interaction between front-line service workers and customers has been described as 'the moment of truth' (Frenkel, *et* al 1999: 6), the point at which lasting impressions about the organisation can be made. For this reason customer service is seen by management as "as one of the key terrains of competitive advantage or disadvantage for the firm" (Korczynski 2002: 2). This focus on customer service strategy has resulted in increasing expectations being placed on customer service workers. Researchers from a diverse range of academic disciplines have turned their attention to service work, in order to understand the consequences of this increased focus on the 'customer'. This chapter provides an overview of this steadily growing body of literature.

Noting that "the representation of the customer as an inescapable, powerful (and legitimate?) force now permeates diverse perspectives on organisation", Rosenthal *et al* (2001: 18) have 'mapped' representations of the customer across a range of disciplinary and sub-disciplinary perspectives including postmodern analysis, control perspective, emotional labour, patriarchy, TQM/excellence and services management literature. Drawing on Rosenthal *et al's* framework, this chapter highlights a range of metaphors and images of the customer that populate the academic literature. The aim of this chapter is to place some order on the proliferation of images and metaphors of the customer in the literature. However, it is acknowledged that this 'mapping', or ordering, of images and metaphors of the customer is "not an innocent act, in the sense that it involves the imposition of parameters as a basis for locating alternative positions, [however] it nonetheless encourages recognition that usages differ" (Dunford and Palmer 1996: 695).

The chapter opens with a brief overview of service sector work generally, highlighting how the increasing focus on service sector industries has necessitated a closer consideration of the customer. The review of the main images of the customer in the existing literature begins with the notion of the 'sovereign customer' since it is this concept that has dominated mainstream management thinking for the past two decades. The following sections consider a range of images of the customer, which either draw on or challenge the image of the sovereign, rational customer. The chapter highlights how these various images of the customer complement, contradict, and compete with one another. It is not the purpose of this review to privilege one account over another, nor to resolve the tensions between these different 'ways of seeing' the customer. Rather, it is argued that there is no one concept of the customer that by itself is capable of explaining the impact and influence of customers on management strategy and worker identity.

2.2 Service Work

Service industries now dominate virtually all advanced economies. By the late 1990s, services accounted for around two-thirds of total economic activity in most OECD countries. In many countries, including Luxembourg, United States, France, Denmark, Belgium and Australia, services accounted for more than 70 per cent of economic activity (McLachlan, Clark and Monday 2002: 23). In Australia the service sector dominates economic activity. In 2000-01, the service sector accounted for more than three-quarters ($419 billion) of the total output of the economy and was the economy's largest employer, with 7.4 million of the 9 million people employed in Australia (or four out of five) working in the service sector (McLachlan *et al*, 2002: 13).

Service work covers an increasingly diverse range of occupations. There have been attempts to define just what service work is and to distinguish between different kinds of services (Korczynski 2002, McLachlan *et al* 2002, Noon and Blyton 1997, Leidner 1993 and Daniels 1985). Noon and Blyton (1997: 126) separate out service activity that involves commercial organisations providing services for one another (for example, management consultancy, specialised maintenance work, and office cleaning) and personal services - the range of services available to the individual citizen. It is this second category of service work where employment growth has been particularly strong.

A recent report by the Australian Productivity Commission on service work used a taxonomy adapted from Browning and Singelmann (1978) and Elfring (1988) which splits the sector into four sub-sectors: producer services, distributive services, personal services, and social services (McLachlan *et al* 2002). Under this model financial service is classified as a producer service, and yet this overlooks the important role of consumer service in the financial services sector.

This thesis is concerned with one area of the financial services sector – retail banking. Retail banking falls within Leidner's (1993) classification of "interactive service work". She uses this category to distinguish service work that requires workers to interact directly with customers or clients from service work that does not have this immediate interplay between customer and worker. As Leidner (1993: 155) explains, "these jobs differ from other types of work in that the distinctions among product, work process and worker are blurred or non-existent, since the quality of the interaction may itself be part of the service offered". In retail banking workers do interact directly with customers and the quality of the exchange is part of the product on offer, although as this thesis shows, the importance management place on the nature and quality of the service exchange may be different to the expectations of customers and workers.

Korczynski (2002: 6-7) identifies five attributes that are traditionally associated with service work: intangibility, perishability, variability, simultaneous production and consumption, and inseparability. He suggests that "these attributes can help us think of the important differences between services and manufacturing, but the list is not meant to suggest that all service work has each of the five features" (Korczynski 2002: 6). Interactive service work, however, has all five of these attributes. It is both intangible and variable because the quality of the service cannot be touched and the 'product' involves, in part, how the service recipient perceives the service and these perceptions can vary from individual to individual (Korczynski 2002: 5-6). It is perishable in that it is temporally specific: it cannot be stored or produced in advance. Indeed in interactive service work the worker produces and the customer consumes at the same time (*ibid).* Finally, and most significantly, the customer cannot be separated from the service process. In fact, as this thesis shows in interactive service work the customer is omnipresent.

These five attributes not only help to distinguish service work from manufacturing work; they also highlight the complexity of the service role and the demands it places on the service provider. This complexity, coupled with the increasing number of providers in the service sector, means that interactive service work is occurring in an increasingly competitive environment (Noon and Blyton 1997: 126-127). In many service industries differentiation based on product alone has become increasingly difficult as firms rush to emulate every innovation or collude to standardise product offerings and pricing. In many such organisations, it is the quality of the service provided that is seen to deliver the competitive advantage which firms seek to gain (Korczynski 2002, Tyler and Taylor 2001, Leidner 1993, Fuller and Smith 1991). The imperative to identify customer needs and meet them now informs much work in the service sector.

This rise of a 'service culture' in many organisations has brought worker and customer closer together and this has important implications for worker identity. As du Gay (1996: 79) argues, "increasingly, the character of the customer has invaded the internal world of the service organisations, providing the rationale for the cultural reconstruction of work-based subjectivity and identity in services", or as he more succinctly argues, "how people are 'made up' at work". Drawing on Urry (1990), he argues that it is the inherently social nature of service work and the importance attached to the quality of the service interaction that requires us to analyse service work not just as an economic phenomenon but also in terms of cultural relations (du Gay 1996: 4-5). He argues that these new forms of work-based identity are constituted discursively and all forms of work-based identity are fundamentally contingent. Accordingly, what it means to be a worker is no longer as certain as it once was (du Gay 1996: 3). This thesis identifies ways in which customers not only influence the social relations of workplaces but also the construction of work-based identity and worker subjectivity.

2.3 The Customer as King

Many organisations have embraced what du Gay and Salaman (1992: 628) have identified as a "discourse of enterprise with its emphasis on market forces and entrepreneurial principles". At the heart of this 'discourse of enterprise' is the ideal of the 'sovereign customer'. Meeting the needs of customers is said to be the central goal of the enterprising organisation. While du Gay and Salaman (1992: 619) acknowledge that the emphasis on customer sovereignty is exaggerated in the management literature, they also contend "that managerial representations of the customer as a means of restructuring organisations, and of influencing employees' behaviour and attitudes, are of real importance".

The notion of the sovereignty of the consumer is a central tenet of economic orthodoxy's belief that market mechanisms allow consumers the widest possible freedom of choice. Under the theory of consumer sovereignty, "firms are passive agents waiting for consumer demands to come through the pipeline" (Donaldson 1984: 154). These consumers are presented as being active agents who exercise their freedom to choose. This neo-classical notion of the 'sovereign customer' underpins a wide variety of management initiatives including total quality management, just-in-time management, and business process re-engineering (Hodgson 2001, Frenkel *et al* 1999, du Gay and Salaman 1992). These initiatives are based on the premise that 'The Customer is King' and that successful companies are "driven by the desire to provide service, quality and innovative problem solving in support of their customers" (Peters and Waterman, 1982 cited in Hodgson, 2001: 120). The assumption of customer sovereignty is reflected in slogans such as, "keep close to the customer", "delight the customer" and "make the moment of truth an unforgettable experience" (Frenkel *et al* 1999: 6).

In the 'Customer is King' literature the customer is imagined as an "autonomous, self-regulating and self-actualising individual actor" (du Gay and Salaman 1992: 623). In response to the demands of this, 'enterprising customer' management attempts to create a greater awareness of customer needs and satisfaction through continuous improvement and service excellence (Wilkinson, Redman, Snape and Marchington 1998, Rosenthal *et al* 1997). This discourse of customer sovereignty not only projects outwards from the organisation but also permeates relationships within the organisation as fellow workers are reconstituted as 'internal customers'. As Marchington (1990: 128) explains:

> Techniques such as TQM have as their primary objective the improvement of quality within the company, and rest upon a philosophy which encourages all employees/departments to regard themselves as providers or customers of other employees/ departments; the ultimate consequence of this is supposed to be a greater awareness of customer needs, thus leading to improvements in quality or reductions in the cost of finished products.

Under TQM, then, the focus is on internal customer expectations all along the supply chain to the final customer in the marketplace. (Wilkinson, Marchington, Goodman and Ackers, 1993: 3). The idea is that "exposure to customer pressure, even when it is simulated within the organisation, is a powerful and necessary pressure for enhanced quality – i.e., the pressure to satisfy the customer" (du Gay and Salaman 1992: 621). For front-line service workers the emphasis is on creating a culture and environment in which staff are motivated to want to deliver excellent customer service (Wilkinson *et al* 1998: 142).

It is argued, then, that 'excellent' customer service will give firms the competitive advantage they need. The belief in achieving competitive advantage through 'better customer service' is based on the "largely flawed, but powerful, neo-liberal concept of the sovereign consumer and free markets" (Sturdy 2001: 3). It is assumed that the sovereign customer makes rational, informed decisions and is free to choose. Of course, consumers do not always act in rational ways and firms are not passive agents waiting for consumer demands. As Donaldson (1984: 155) asks, "does demand create supply in the real world according to what Galbraith calls the 'accepted sequence'? Or do giant companies now impose a 'revised sequence' in which supply creates its own demand?".

Nevertheless, despite its logical flaws, the notion of the sovereign customer has elevated customer service to the status of a central requirement for organisational success and, as such, management has come to pay much greater attention to the ways in which employees interact with customers (Noon and Blyton 1997: 128). The concept has had such a widespread impact that it has led 'client groups' not normally associated with notions of the market to be redefined as 'customers' and 'consumers'. For example, Bolton (2002: 129) identifies how in the UK's National Health Services entrepreneurial attitudes and behaviour have emphasised the sovereignty of the customer and has redefined patients and service-users as ‘customers’ and ‘consumers’. This elevation and extension of the ‘customer’ has meant that in many organisations ‘customer focus’ has become a defining feature of employee performance.

These developments have had a significant impact on the way employees are managed both in the manufacturing and service sectors (Wilkinson, *et al* 1998, Marchington, 1990). The notion of customer sovereignty has also had a significant influence on customer and worker attitudes and behaviour.

2.4 The Customer as Ally

Partly to counter the image of the ‘customer as king’, some consumer advocates, pressure groups and trade unions have articulated a concept of the ‘customer as ally’. This perspective is based on the assumption that customers are motivated by broader social objectives and that they can also act intentionally and collectively to bring about change. This image of the customer acting collectively contrasts directly with the individualised notions incorporated in the image of the ‘sovereign customer’. A number of writers have documented cases when customers acting collectively have been able to influence product/service design, work organisations, and employment relations.

In his study of a retail super-store, Marchington (1990) points out that while domestic consumers have relatively little power when operating as individual consumers, when they form alliances they can influence product design. He provides the example of the success of environmental pressure groups in achieving modifications to the product range offered in ‘Multi-stores’ (Marchington 1990: 123). In his study of technological innovation in the retail sector, Walsh (1993) also highlights the power of consumer groups acting collectively. Electronic scanners were first introduced to retail stores in the United States in 1974. For retailers the major attraction behind the introduction of scanners was that they removed the need to price individual items manually. However, the removal of prices met considerable resistance from consumers and this resistance took place on the individual level with consumers refusing to buy from non-pricing stores and making numerous complaints to management (Walsh 1993: 99). It was also taken up by consumer groups who, with assistance from the relevant union, campaigned for pricing legislation at the local, state and national levels (*ibid*). This was a time of high inflation and considerable consumer activity. By 1975 mandatory-pricing legislation had been passed in at least six US states and firms were prevented from introducing all the aspects of the scanning system. From management's perspective, this meant the continuation of a costly and now unnecessary labour practice.

Bellemare (2000), in his study of Montreal's urban transit system, demonstrates how consumer groups exercised significant influence over the design of Montreal's transport system. Advocacy groups representing people with disabilities were able to call for the adaptation of the transit system to their special needs. These groups participated in "studies and commissions of inquiry dealing with transit issues, and thus became involved in the formulation of transit policies and management practices" (Bellemare 2000: 395). Their involvement in the commission's decision-making structure led to a specialised training program for the paratransit bus drivers, new ways of identifying bus stops for the visually impaired and a Braille version of the subway map was produced (Bellemare 2000: 398). As such, Bellemare found that when operating as group-actors customers had the capacity to influence the design of the product/service, as well as influence aspects of the employment relationship, such as training provision.

Unions may also form coalitions with customers in order to protect the rights of workers. For example, the Textiles Clothing and Footwear Union of Australia have been involved in a community action campaign against unregulated clothing outwork. A national consumer-based protest, the Fair Wear Campaign, was launched in 1996 as part of the broader Outworker Awareness Campaign (Weller 1999: 208). The campaign comprised a coalition of church, union and community groups and aimed to bring pressure at the consumer level in order to bring about change in production processes. A list of companies who had failed to sign an agreement that they would only source clothing products from manufacturers who paid award wages was circulated widely in the community. As Weller (1999: 221) reports, "the *(overall)* campaign led to the development of the Homeworker Code of Practice, which, if fully implemented, would enforce the award's outwork provisions and bring outworker production into the mainstream of industrial relations regulation". Such compacts between unions point to an overtly political and industrial role for customers acting collectively.

Bodies such as unions can also seek to redefine the nature of the service relationship. Unions and consumer groups can also develop their own concept of ‘good customer service’ and use it to counter the dominant managerial concept of the ‘sovereign customer’. Eaton (1996: 304) outlines how the Harvard Union of Clerical and Technical Workers (HUCTW) developed an alternative language and way of thinking about customer service. Clerical workers at Harvard University believed that management’s insistence that ‘the customer is always right’ did not recognise the rights and needs of workers in the service relationship. Eaton (1996) explains how a committee of union staff and activists designed a pilot training program for unionised clerical workers entitled “The Customer is Always Interesting”. The training program emphasised a dignified or self-respecting position for the service providers (Eaton 1996: 305).

It is possible, then, for customers to bring about change, particularly when acting collectively. The ability of customers to influence product/service design, work organisation, and employment relations highlights the potential role of ‘customers as allies’ of workers. However, as Korczynski (2002) argues, and as the case of HUCTW highlights, it is important that those wishing to conceptualise the ‘customer as ally’ appreciate the extent to which such a notion draws on the flawed concept of the ‘sovereign customer’, and that customers’ agency is limited by their ability to act collectively, and the nature of the organisation in which they seek to bring about change. As Korczynski (2002: 59) cautions, it is important to consider the level of analysis at which the customer is being discussed:

> An image of a powerful customer might make sense in examining how a firm reacts to an increasingly informed body of customers, but it will make less sense in considering the position of an individual customer confronted by large multinational corporations.

As we shall see, the nature of retail banking organisations and the agency of retail bank customers places limits on the potential of union strategies that conceptualise the ‘customer as ally’.

2.5 The Customer as Co-Producer

The notion of the 'customer as ally' draws on the idea that workers and customers have overlapping interests and interconnecting roles. Those contributing to the services management literature have identified a range of images of the customer that expand on this idea of the shared interests and roles of customers and workers. In the services management literature the customer is represented variously as a resource, co-worker, buyer, beneficiary, co-producer (Lengnick-Hall, Claycomb and Inks 2000, Lengnick-Hall 1996), motivator of employees, source of uncertainty and enemy (Corsun and Enz 1999).

Lengnick-Hall (1996) has identified the customer as a potential 'co-producer' in the service relationship. She posits that: "if customers are treated as 'partial employees' and provided with the direction, ability and motivation to contribute to production processes, they will feel free to more fully participate in producing quality outcomes" (Lengnick-Hall 1996: 794). She cites the example of pregnant women in health care work and argues that here the customer (the expectant mother) is trained in the process, given specific tasks and feedback options, and appropriate behaviors are developed. Lengnick-Hall (1996) argues that in a range of human and professional service roles production is irrevocably dependent on the knowledge, motivation and experience of the customer.

Lengnick-Hall *et al* (2000: 364) extend this argument and suggest that "co-production means engaging customers as active participants in the organsation's work or treating customers as partial employees". They argue that this role of co-producer offers customers opportunities to shape their service encounter. Equally, the customer characteristics that are said to contribute to effective co-production, including perceived clarity of task, ability or technical competence, and motivation, require the effective education and training of customers by management (Lengnick-Hall *et al* 2001: 364). Under their model customers are certainly conceptualised as 'co-workers' and the co-production takes place very much under the control of management.

Writing from an industrial relations perspective, Bellemare (2000: 390) has highlighted how when management speaks of co-production its aim is to co-opt customers as a management resource. However "the customers themselves may seek to become actors who pursue their own agenda". In his study of public urban transit customers Bellemare (2000: 391) found that management sought to co-opt customers in the co-production of the transport service by imposing an optimal (in their opinion) way to get on and off the bus in order to help the buses keep to their scheduled times and increase the service efficiency. However, these attempts to control customer movements failed to recognise that the urban transit users and bus drivers had instigated many informal practices, including making unscheduled stops closer to passengers homes. In effect, the bus drivers and the passengers were co-producing a very different kind of transport service to that envisaged by management.

The idea that the customer can be a 'co-producer' or 'co-worker' in the service exchange arises from the fact that in much service work, and particularly interactive service work, production and consumption occur simultaneously (Korczynski 2002). Yet, only a small number of studies appear to have examined this notion of the customer as 'co-producer'. In order to address this gap in our understanding, the thesis will provide further evidence of the role of the customer as co-producer in the service relationship.

2.6 The Customer as 'The Other Boss'.

The contradictions between customer agency and managerial control have been thoroughly explored in the literature on the nature and importance of 'control' in the employment relationship. The question of control is particularly interesting in relation to customer service work because the traditional forms of control have been applied in new ways and new customer-oriented forms of control have developed. When eliciting quality service work the more traditional methods of control, such as direct or bureaucratic control, have proven insufficient if not counter-productive (Fuller and Smith 1991: 3). According to du Gay and Salaman (1992: 621):

> Traditional methods of control are too overtly oppressive, too alienating and too inflexible to encourage employees to behave in the subtle ways which customers define as indicating quality service, many of which – subtleties of facial expression, nuances of verbal tone, or type of eye-contact – are difficult to enforce through rules, particularly when the employee is out of sight of any supervisor.

For these reasons, Fuller and Smith (1991: 3) argue firms have turned to "consumer control or management by customers". Customers may take on this role of co-supervision of their own volition. In her observations of the interactions between customers and workers in McDonalds' restaurants, Leidner (1991: 160) found that, "these workers were closely supervised, not only by McDonalds' managers, but also by customers, whose constant presence exerted pressure to be diligent and speedy". Rafaeli (1989) observed that because of their close proximity to the supermarket cashiers at the checkout counter, customers can wield greater power over the cashiers than management is able to do in some instances. In his study of urban transit drivers, Bellemare (2000: 294) noted that customers "were significant actors in the area of co-supervision. They reported more driver offences than managers, and led management to create a complaints' committee".

Management may employ 'mystery customers' in order to facilitate increased surveillance of workers within the service interaction. Fuller and Smith (1991) report that 13 of the 15 firms they studied used 'mystery shoppers' as a customer feedback method. The 'shoppers', while pretending to be customers, monitor and report on workers and middle managers, as well as on product quality and other matters often covered in customer surveys (Fuller and Smith 1991). Since sales staff know that they may be observed constantly, but are unable to determine precisely when a 'mystery shopper' might be passing through the store, their actions are continually constrained (Fuller and Smith 1991).

'Real' customers are also encouraged to provide feedback on service through such mechanisms as customer service questionnaires, telephone surveys, interviews and focus groups (Bellemare 2000, Smith and Fuller 1991, Leidner 1993, 1991). More formally still, customers may be invited by management, or may even demand the right, to participate in such forums as internal complaints committees and community management boards. In this way customers can, in fact, replace several layers of management (McDonald and Siriani 1996). In part this authority comes from the position of customers as "agents in the management circuit, customers rather than managers, are setup as the ones who must be pleased, whose orders must be followed, whose ideas, whims and desires appear to dictate how work is performed" (Fuller and Smith 1991: 11). Yet, as Fuller and Smith (1991: 11) emphasise, "it is not the case that management in adopting customer management techniques, have relinquinshed their role of supervisor, rather the workers have gained an additional boss".

As these examples indicate, this does not mean that direct or bureaucratic control methods are not utilised in interactive service work. Indeed a number of studies indicate how management combines customer control with direct or bureaucratic control (Bellemare 2000, Leidner 1991, Rafaeli 1989). Nor does it mean that these newer forms of customer control are any less oppressive. As du Gay and Salaman (1992: 621) comment "they are simply oppressive in new ways". Part of that oppressiveness lies within the fact that "control via the customer (while visible) is unverifiable" (Wilkinson *et al* 1998: 157).

This thesis will provide further evidence of the role of the customer as 'another boss for workers' and show how, in some instances, this role as 'another boss' can extend beyond that of providing another layer of control to taking on the role of co-managing workers.

2.7 The Customer as 'Our Friend the Enemy'

Part of this authority as the 'other boss' derives from customers' perceived superior social status, which is reinforced by the service exchange itself. Leidner's (1991: 171) study investigated the work of door-to-door insurance salespeople and found they were required to take on a persona that indicated they were the "interactive inferiors" in the service relationship. In her study of waitressing, La Pointe (1992: 384) found that the nametags worn by waitresses:

> Reinforce a subordinate image and weakened the workers' control in managing customer relations. Customers who were inclined to treat the waitress as a lower status subordinate will use the privilege of calling her by her first name.

Similarly, Hall (1993) found that "tipping" helped to institutionalise the status differences between providers and customers in restaurants. Guerrier and Adib (2000: 691), in their study of hotel workers, concluded that service roles such as waiting, housekeeping, and reception carry low status and are filled by people with a weak position in the labour market: young people, women, and members of disadvantaged ethnic groups. This is said to reinforce these workers' lack of status in the service exchange. Each of these studies highlight how the type of service on offer, social class of both the customer and worker, labour market characteristics and salience of gender stereotypes can influence the nature of the service relationship.

According to Abiala (1999: 209): “one of the manifestations of the unequal exchanges is the privilege of customers to express irritation”. Frenkel *et al* (1999: 110) found that customers not only expressed irritation, but also demonstrated open antagonism to workers. Guerrier and Adib (2000: 691) found that the ‘low status’ of hotel service workers in the customers’ mind led to bullying, harassment, and even assault on hotel workers by patrons.

Despite this negative customer behaviour, both Frenkel *et al* (1999) and Guerrier and Adib (2000) found that workers expressed very little overt antagonism towards customers. Frenkel *et al* (1999: 21) argue that this is because of the empathy they felt toward customers. However**,** Guerrier and Adib (2000: 703) suggest that employees’ acceptance of the abuse was in part because they saw that it was “their job to stand and take it”. They found that workers resisted the abuse by staying in “the role” and detaching themselves from the role. Workers also have the opportunity to step out of the role. In rest rooms, galleys, corridors and other ‘off-stage’ areas they may drop their corporate mask and express ‘undesirable’ emotions such as fear, anger, hurt and frustration (Sturdy and Fineman 2001: 146). Bulan, Erickson and Wharton (1997: 252) found that both the opportunity to go “backstage” and vent one’s emotions and the availability of co-worker support benefited those performing service work.

The negative emotional responses engendered by customers have led management in some organisations to introduce strategies to control the interaction between customers and workers. For example, in her study of routinised service exchanges in McDonalds’ restaurants and in door-to-door insurance sales work, Leidner (1993: 2) found that the presence of customers complicated the service interaction considerably. As a result, managerial strategies were enacted to limit the effect of the customer on the routines of the interaction. Leidner (1993: 8) found that “employers try to persuade or coerce the relevant actors (in this case, service recipients as well as workers) to co-operate”. This is achieved through the use of routinised scripts, such as, “Will you have fries with that?” from which both worker and customer are not meant to deviate.

However, in some areas of service work there has been a move to introduce more flexibility and spontaneity into the service exchange in order to improve the perceived quality of customer service. For example, in their study into the introduction of a customer service ‘excellence’ program into a large UK supermarket chain, Rosenthal *et al* (1997) detected a move away from scripted exchanges between customers and workers. The training program used “the language of individual freedom and self expression to convey how it wished its staff to behave in their dealings with customers” (Rosenthal *et al* 1997: 493). Many of the employees welcomed the move away from a scripted exchange with customers because this allowed them to utilise their ‘emotional labour’ skills and allowed them to be ‘themselves’ when relating to customers.

In some cases the flexibility of the service exchange can also confer certain benefits on employees. While Austrin’s (1997) study of a retail bank in New Zealand found evidence of employee surveillance by the customer, he suggests that rather than customers assuming the role of ‘another boss’ through this increased surveillance they actually became an ‘ally’ of the customer. Austrin (1997: 109) argued that:

> Work in retail banking is now constituted through negotiations and collaborations which occur as much with customers as with other employees and as a result, employees are led to seek alliances with customers just as the customers have new sets of claims upon employees.

He found that retail bank employees were able to use customer survey evaluations and feedback from the mystery shoppers to remind bank management about the importance of their work as front-line service workers.

These contradictory and, at times, conflicting roles can create both tensions and spaces in the three-way relationship between management, workers and customers and enable us to identify ways in which workers can be simultaneously entrapped and empowered by their interactions with customers (Korczynski 2002). This is highlighted in Benson’s (1986) study of a US department store. Benson (1986: 6) found that “when customers and managers exerted unified pressure on the saleswoman, her life could be difficult indeed, but when she could play one off against the other she could create new spaces for herself on the job”. This led the department store workers in Benson’s study to characterise customers as “our friend the enemy” (Benson 1986: 6).

2.8 The Customer as Fellow Actor

The emotional labour literature highlights the extent to which workers are expected to use their gender, sexuality, physical appearance, personality and emotions in providing customer service. This expectation was first highlighted by Hoshschild (1983) in her seminal study of flight attendants. Hoshschild argued that service agents were expected to experience and express certain feelings during service interactions, but that attempting to conform to those expectations caused certain pernicious psychological effects among the agents (Ashforth and Humphrey 1993: 88). These negative effects occur when there is a discrepancy between felt and displayed emotions and the suppression of the felt emotions adds to the stress of the workers' job. Hoshschild's original argument has been developed and extended by a number of writers who argued that the requirements of emotional labour go further than simply complying with "display rules" or expression norms and can involve the expression of spontaneous and genuine emotion that may confer positive benefits on workers (McCammon and Griffin 2000, Noon and Blyton 1997, Ashforth and Humphrey 1993).

Studies have shown how some workers are not only required to demonstrate certain emotions in their exchanges with customers but also that the emotions they display are expected to be genuine. A differentiation is made in the literature between "deep acting", where workers and customers actually internalise their role and experience the required emotions, and "surface acting" which involves behavioural compliance with the display rules without any internalising of the role (McCammon and Griffin 2000, Abiala 1999, Noon and Blyton 1997, Ashforth and Humphrey 1993, Hoshschild 1983). Bulan *et al* (1997) have identified the need to be authentic as a key characteristic of "deep acting". They argue that "authenticity" requires service workers "not only to appear happy, nice and glad to serve the customer, but also to actually feel this way" (Bulan *et al* 1997: 238). Further, they suggest consumers have become adept at distinguishing between "real" presentations of the self and "unreal" presentations of self and this means that workers are expected to "make authentic emotional displays that customers perceive as sincere" (*ibid*). These expectations about authenticity are embedded so completely in our experience as service consumers that we become aware of them only when they are violated. According to Bulan *et al* (1997), in order to minimise such violations, service workers are required to adopt sets of 'emotion rules' or 'scripts' which define which emotions they must display, and which they much suppress. Of course, service workers are not always required to display 'positive' emotions. For instance, Rafaeli and Sutton (1991) examining the work of police interrogators and bill collectors found they expressed hostility and coldness to induce anxiety in suspects and debtors (cited in Ashforth and Humphrey 1993: 90). The metaphor of the theatre and its constituent terms, such as actor, performance, role, script is often used in the literature to explain the nature of these exchanges (Abiala 1999, Hall 1995, Noon and Blyton 1997, Leidner 1993). As Nickson, Warhurst, Witz and Cullen (2001: 173) argue, "this dramaturgical view of service suggests that the organisation, via its front-line staff, has to 'get it right first time' in order to ensure a flawless performance".

Further, Noon and Blyton (1997: 124) suggest that the display of certain sets of emotions by the worker has the goal of "influencing particular feelings and responses among those for whom the service is provided". The service exchange can be shaped in such a way that customers can also be required to display certain emotional responses. Customers bring their physicality, personality and emotions to the service exchange and, therefore, the emotion scripts have the dual task of controlling the emotional responses of the customer as well as the worker (McCammon and Griffin 2000**)**. In short, both workers and customers are actors in the 'performance'.

Some researchers have suggested that the gender of both the worker and customer has implications for the service 'performance'. Hall (1993) found that the gender of both the customer and the worker can influence customers' expectations of the quality of the service exchange.[1] She observed that conflict is more likely to occur between customer and worker when they are the same sex and that "the majority of the servers interviewed expressed a preference to wait on customers who are of the opposite sex and claimed that servers and customers do flirt as part of the provider-customer interaction" (Hall 1993: 464). Filby (1992: 37) has proposed that "in many services, 'explicit' and 'implicit' gender are suffused and gender constructions are part of the total package which constitutes the product". In his study of the off-course betting trade in the UK in the 1980s he outlined how women working in the betting

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[1] Ethnicity and racial identity may also play a part here. For example, McCormick and Kinloch (1986) observed that same-race customer cashier interactions are friendlier, marked by more frequent verbal exchange, more smiling and eye contact (cited in McCammon and Griffin 2000).

shops were expected to use their sexuality as a way of keeping the customers happy. As Filby (1992: 37) explained: "the line between 'selling the service' and 'selling sexuality' is very thin".

There appears to be an assumption in the minds of some managers that women, by virtue of their gender, are more suited to service roles. In their study of the airline industry, Tyler and Taylor (2001: 75) found that:

> management assume that women workers in particular can accomplish this 'discretionary' or mediating aspect of the job, by utilising skills that they supposedly possess by virtue of their sexual difference from men; capacities deemed to derive from women's natural propensity to locate themselves within an 'ethic of care'.

They found that female employees were caught between fulfilling the concrete requirements of productivity targets and appraisal systems and delivering this additional layer of customer care. However, in her study of McDonald's employees and insurance agents, Leidner (1991) found that while both these jobs required employees to display the emotions and traits of cheerfulness and deference normally associated with femininity, the way this was interpreted in the two organisations was quite different:

> At McDonalds many workers and managers considered it natural, even self-evident, that women were best suited to deal with customers. At Combined Insurance, women were generally seen as ill equipped to handle such work. The insurance agents were able to define their job as masculine by emphasising those aspects of the work that require 'manly' traits (control and self-direction) and by reinterpreting some of the more 'feminine' job requirements in ways that were not degrading (Leidner 1991: 171).

Leidner's findings reinforce West and Zimmerman's (1987) definition of gender as something people do, an emergent feature of social settings, rather than an identity people have, as property of individuals. As Hall (1993: 14) asserts, "this allows us to talk about gendered behaviour as distinct from the sex of the actor, any gendered mode is potentially available to persons of both sexes".

Recently researchers have shown that "the performance of employees can require not just emotion management but the management of appearance as well" (Nickson *et al* 2001: 171). Nickson *et al* (2001: 170) have characterised this as the management of 'aesthetic labour': "'looking good' or 'sounding right' are the most overt manifestations of emotional labour". They found that some employers seek labour that in its appearance and self-presentation appeals to the senses of customers.

Drawing on the work of Kunda and Van Maanen (1999), Jocoy (2003) has sought to integrate the insights from the emotional labour literature with those offered by that on control and consent. In doing so, however, Jocoy represents emotional labour simply as a control mechanism. She redefines emotional labour "as the mechanism through which owners and managers motivate employees to accept the conditions of capitalist work relations" (2003: 68). However, this ignores the capacity of workers to engage in 'emotional labour' for their own ends, beyond the displays required. Front-line service workers do not engage with customers in certain ways simply because it is required by management. Emotionally engaging with customers can, in fact, provide workers with genuine satisfaction. As Ashforth and Humphrey (1993: 90) argue "the problem with (Hoshschild's) conception of emotional labour is that it does not allow for the instances whereby one spontaneously and genuinely experiences and expresses the expected emotion". For example, in his study of supermarket checkout clerks, Tolich's (1993) shows how the clerks cultivated personal relationships with regular customers to relieve the monotony of their work. Tolich (1993: 372) found that supermarket clerks:

> Were fully aware of the highly supervised, highly regulated character of their customer service work and of the emotion management involved in it. Nonetheless, in this regulated context, they also simultaneously understand themselves as autonomous, as persons in charge of their own emotional management.

Similarly Frenkel *et al* (1999) found that satisfying customers provided workers with real satisfaction and that the respondents in their research liked "displaying affectivity towards customers". Frenkel *et al* (1999: 226) argue that Hoshschild's thesis, which drew on a notion of "real" and "false" selves, emphasised the costs and ignored the benefits of emotional labour. As these writers argue, workers may deliver emotional labour because they choose to and this emotional labour may facilitate self-expression. As Ashforth and Humphrey (1993: 91) explain, self-expression through emotional labour allows service agents to project a sense of "who one is, a sense of what one values and wants, and a sense of how one is connected to others" (1993: 91).

The emotional labour involved in service work can certainly constrain workers. However, it can also lead to increased worker satisfaction because the emotional labour component of the work can add meaning to service workers' roles. What needs to be understood is how workers' desire 'to do' for the customer may fit with a sense of self-identification.

2.9 The Customer as Contested Terrain

The idea that the delivery of emotional labour adds to workers' sense of self and helps to shape their values, ethics and interconnections with others, suggests that workers construct their own meanings of the customer and customer service. If management seek to inculcate certain norms, workers are also active in the creation of customer-related norms (Korczynski, Shire, Frenkel and Tam 2000). Korczynski *et al* (2000: 671) argue that in seeking to achieve the dual goals of "customer-orientation and efficiency management will prefer workers to identify with a collective, disembodied concept of the customer". Conversely, workers "may be more likely to identify with embodied, individual customers, for service workers interactions with specific customers may be an important arena for meaning and satisfaction in work" (*ibid*). This idea that workers want to connect with individual customers was supported by Korczynski's (2002) research into call centres in Australia, Japan and the USA. He found that a very clear pattern emerged of workers volunteering that they enjoyed the job best when they could help people and that:

> When asked for particular examples of satisfying incidents, front-line workers tend to talk of 'this old man', or 'this nice woman'. In other words, they are relating to the service recipient primarily as socially embedded people, rather than as customers (Korczynski 2002: 77).

Korczynski *et al* (2000: 684) noted that this tension between managements' "disembodied customer" and workers' "embodied customer" became particularly apparent when management attempted to introduce elements of sales into the predominately service jobs. The result, quite frequently, was a heightened degree of conflict and resistance within the employment relationship. They argued that this is because sales work involves a more instrumental approach to the customer which is much more in line with management's disembodied concept of the customer (2000: 672). The move to a sales focus in a number of areas of front-line service work, including retail banking, has implications for the "experience of work in consumer capitalism in terms of satisfaction, control and resistance" and needs to be further analysed (Korczynski *et al* 2000: 672).

Indeed, very little research has been conducted into the ways in which workers resist management's attempts to reshape notions of customer service and re-conceptualise the 'customer'. Wray-Bliss and Willmott (1999: 387) have identified how call centre workers wanting to resist management's increased emphasis on sales drew on a 'discourse of customer service' as a counter-argument to the pressures of meeting sales targets. Similarly, in their study of a large supermarket chain, Rosenthal *et al* (1997) uncovered evidence that employees used the language and concepts of the recently instigated 'Service Excellence' program to bring managers into line with worker expectations. In both cases workers were drawing on managerial discourses of the customer to resist changes in management strategy. Wray-Bliss and Willmott (1999: 387) suggest that, by drawing on management discourse, workers continue 'to tie' themselves to the image of the sovereign customer and to privilege customer needs over their own needs. Yet Rosenthal *et al* (1997: 499) conclude that when the supermarket clerks in their study drew on the managerial discourse of 'service excellence':

> It was management's treatment of staff, as opposed to customers, that employees typically said they resisted through the language of Service Excellence. Thus the quality discourse had not had the effect of replacing employees' self-concern with a monolithic attention to customers.

In this way the supermarket workers were able to use the 'service excellence' discourse to promote their own needs and expectations as workers.

It can be argued that the ideal of the 'embodied customer' offers workers both a source of job satisfaction and a discursive tool with which to resist changes to their role which are the result of managerial strategy that is centred around notions of a 'disembodied customer'. This would seem to be particularly the case when management is seeking to privilege the sales role above the service role. It could be argued that rather than wholeheartedly embracing the managerial discourse of the 'sovereign customer' the call centre workers in Wray-Bliss and Willmott's (1999) study were drawing on the concept of an 'embodied customer'. Indeed, Wray-Bliss (2001: 53) has recently suggested that it is possible to view the call centre clerks' use of an oppositional ‘discourse of customer service’ as a result of being “emotionally involved and feeling the need to resist” and that this moral/political discourse is potentially radically unsettling for organisations. This reaffirms the idea that service workers’ preferred concept of an individual, ‘embodied customer’ offers them the possibility of both satisfaction from their work and an ethical position from which to resist changes to their role, which could undermine a sense of identity. By identifying the contradictions within a management discourse that centres around the concept of the ‘disembodied’ customer, workers can secure a sense of their own significance by drawing on their own concept of an ‘embodied’ customer. In their study of the introduction of Total Quality Management (TQM) into a British bank, Knights and McCabe (2000: 429) found that workers were able to exploit the inconsistencies and contradictions in management strategy and practice and that these acts of resistance enabled them to secure alternative identities that “facilitated resistance to the transformation of their subjectivity in line with corporation’s demands”. Despite the fact that Knights and McCabe’s (2000) appear to use identity here as if it was something independent of the subject, something to be taken up and used in its own right, their findings make an important link between resistance and subjectivity. Understanding that worker resistance can be a response not just to changing work practices but also to attempts to reshape worker identity enables us to identify the complex range of responses that such resistance can take.

Since resistance to attempts by management to reshape worker subjectivity is unlikely to take the form of open and overt conflict, we need to be alert to more subtle and covert forms of resistance. As Fleming and Sewell (2002: 863) argue, “now that corporate power takes special care to target the informal and normative aspects of workers’ lives we could expect that to be a site of resistance too”. A number of studies have shown how resistance can take the form of cynicism (Fleming and Spicer 2003, Sturdy and Fineman 2001), irony and guile (Fleming and Sewell 2002), internalised stress-based reactions (Sturdy and Fineman 2001), alternative interpretative repertoires (Knights and McCabe 2000), and humour (Ackroyd and Thompson 1999).

Workers may also draw on past discourses in order to resist present practices that threaten their identity. For example, in their study of the introduction of a re-engineering program into a manufacturing plant in Northern England, Ezzamel, Willmott and Worthington (2001) illustrated the power of identity-investments in fuelling and directing workers' understanding of, and response to, lean production initiatives. They argue that the worker resistance "sprung from an antagonism to practices that were sensed, or anticipated not only to intensify work but to impugn a valued sense of self-identity that had developed during a previous era" (Ezzamel *et al* 2001: 1074). In resisting the changes being introduced through the re-engineering program, the workers were defending a past self that they considered to be more preferable.

Gabriel (1993) has observed that organisational members often adhere tenaciously to images of a 'golden past' when their identities are challenged as a result of the introduction of corporate change programmes or organisational restructures: However, "nostalgia is not a way of coming to terms with the past, but an attempt to come to terms with the present" (Gabriel 1993: 132). According to Strangleman (1999), it is not only workers who draw on nostalgia for a past, 'golden age': the past is passively and actively invoked by management as well. His research into the contemporary British railway industry demonstrates how "history and heritage are selectively annexed negatively in order to win consent for change, and positively as an attempt to recapture the 'golden age of railways' for marketing purposes" (Strangleman 1999: 725). As this thesis also demonstrates both management and workers draw on symbols, images and meanings from an imagined past in order to understand and shape present practices and to reposition the employment relationship itself.

In sum, while management draws on discourses from the past and present to construct 'customers', introduce new work practices, and shape worker identity, workers themselves are not simply passive recipients of these managerial discourses. We need to recognise the active agency of workers in using their own and managerial discourses of the customer to add meaning to, *and* resist changes in, their roles and reinforce a preferred identity.

2.10 Conclusion

This chapter has provided an overview of a range of images and metaphors of the customer, with a particular emphasis on the way that these 'customers' influence managerial strategy, the employment relationship and worker identity. In many organisations the increasing focus on a 'service culture' has expanded the range of roles customers can either be given or choose to assume. Indeed, the literature examined in this chapter points to a set of diverse, fluid, contradictory and contested customer roles. As Rosenthal *et al* (2001: 30) argue: "these contrasting images reflect the potential complexity of the role played by the customer in contemporary organisations".

It is the image of the 'sovereign customer' that has been most influential in shaping managerial strategy over the past two decades. Conceptualising the 'customer as king (or queen)' is meant to create a culture in which staff are motivated to provide 'excellent' customer service, the idea being that this will give firms the competitive advantage they require. However, the experience of many customers falls well short of the ideal of the sovereign customer and the emphasis on 'service excellence' can have negative outcomes for service workers. For these reasons, a range of competing images of the customer has also begun to take hold in and around organisations.

The image of the 'customer as ally' has been drawn upon by customer advocacy groups and trade unions and this ideal of collectivised customers contrasts directly with the image of the individualised customer that lies at the heart of the notion of the 'sovereign customer'. However, as we have seen the literature suggests that the potential influence of customers as allies is limited by their ability to act collectively and by the nature of the organisations in which they seek to bring about change. Drawing on evidence from Australian retail banking this thesis highlights both the potential and limitations of a discourse that draws on the notion of the 'customer as ally'.

Those writing in the service management literature have suggested that the customer can occupy the role of 'co-producer'. In service work simultaneous production and consumption occur and this brings the customer in as a 'co-producer'. Whereas the service management literature focuses on ways in which management can increase the efficiency of the customer as 'co-producer', Bellemare (2000), writing from a critical perspective, highlights how customers may seek to influence the consumption/production process in ways that best suits them and may in fact conflict with management's goals.

A further body of literature primarily explores issues of customer presence and work control and highlights how in the three-way interaction between worker, customer and management, customers may take on the role of the 'other boss' in the service exchange. Examining how customers can take on the role of 'co-producer', or become the 'other boss', highlights the particular demands service work places on workers.

The contradictory effects that customers can have on workers is further highlighted in studies that identify the ways in which workers can be both constrained and empowered by their interactions with customers. Customers can help to simultaneously create tensions and spaces for workers (Korczynski 2002) and in this way be both a "friend and enemy" to customer service workers (Benson 1986: 6). The complexities of and contradictions within the customer/worker/management triangle are also highlighted in the emotional labour literature, which shows how management can expect both customers and workers to 'perform' in certain ways during the service exchange. These 'performances' which are often informed by gender, ethnicity, and sexuality may either be highly staged-managed or spontaneous and impromptu, providing service workers with a great deal of job satisfaction and a positive sense of self. Building on these insights this thesis seeks to provide a better understanding of the links between workers desire 'to do' for the customer and worker identity.

There is also a growing body of evidence that workers' do not simply draw on managerial discourses of the customer and customer service, but, rather are active in the construction of their own discourses of the customer. Korcyznski *et al* (2000) have highlighted how management would prefer workers to draw on a "collective, disembodied customer" whereas workers' prefer to identify with an "individual embodied customer". This idea of competing discourses of the customer helps us to identify how workers draw on their interactions with these 'customers' not only to reinforce their sense of who they are but also to resist management attempts to influence worker subjectivity. Identifying how customer and management discourses of the customer may either coincide or collide stands to enrich our understanding of worker subjectivity and resistance.

In considering the various concepts of the customer, attention has been drawn to the range of metaphors used by academics to assist them in presenting their particular concept of the customer. The chapter has identified a range of metaphors and images of the customer: some complementary, others contradictory. Rosenthal *et al* (2001: 32-33) suggest that the proliferation of metaphors of the customer in the literature may have as much to do with academic identity construction and differentiation as it does with seeking the "truest" or most "useful" metaphor of the customer. This may well be the case, but as they also argue, these differing images represent something rather more substantive than academic game playing. Their importance lies in the way that these multiple and shifting metaphors and images offer meaningful insights on organisations (Rosenthal *et al*, 2001: 33).

The following chapters in this thesis identify a range of metaphors of the customer used by management and workers in the large retail banks, credit unions and community banks. The thesis shows how use of a particular metaphor of the customer by management influences not only customer service strategy but also employment relations and worker identity. Workers within the case study organisations also drew on alternative metaphors of the customer to promote their preferred concepts of the customer and, at times, to resist the changes occurring to their customer service roles. The use of both complementary and contradictory metaphors of the customer by management and workers in the case study organisations highlights how the different organisations have adjusted to the significant structural change that has occurred in the retail banking industry. As we shall see, it also helps us to uncover emotions associated with organisational change (Dunford and Palmer 1996).

CHAPTER THREE

CASES AND METHODS

3.1 Introduction

This chapter begins by outlining how neo-liberal economic strategies of deregulation have transformed retail banking in Australia. Deregulation has led to a blurring of industry boundaries between financial institutions and ongoing reconstruction of what it means to be a financial services consumer. The chapter highlights how retail banking in Australia has undergone substantial transformation as a result of legislative, technological and social change. The degree of change that has occurred in the retail banking industry in Australia over the past few decades means that it is an appropriate case for researchers wishing to examine the influence of the 'customer' on management strategy and worker identity. Frontline workers in retail banking are engaged in "interactive service work" (Leidner 1991) where the interaction between the worker and customer is a key component of the service. The nature of the work and the fast changing context in which it takes place makes retail banking a particularly promising case for studying the role of the customer as both a physical presence and a discursive construct.

The second part of the chapter introduces us to three case study areas within the retail banking industry, the major retail banks, credit unions, and community banks and briefly outlines how they can contribute to our understanding of the role of the customer in the social relations of workplaces. The final section of the chapter outlines the methodology employed in the research.

3.2 Retail Banking in Australia

The retail banking industry is located in what is broadly known in Australia as the Financial Services Sector. The Financial Services Sector is the official term used to encompass the industries of banking, insurance, superannuation, mortgage brokers, foreign exchange agencies and wool-broking. This 'packaging' of financial institutions within the broad category 'financial services' has taken place in Australia, as well as a number of countries, including the United Kingdom, United States, New Zealand and Japan (Knights and Tinker 1997). The grouping together of what many would argue are fundamentally different industries is part of a neo-liberal economic agenda of deregulation aimed at breaking down traditional boundaries and intensifying inter-industry and international competition (Knights and Tinker 1997: 3).

In Australia this 'packaging' of these industries into the broad category, 'financial services', occurred during the 1980s when governments at both the Federal and State level sought to breakdown the traditional boundaries between organisations that up until that time were seen as operating in very different industries and market segments. The same structural changes occurred in the United Kingdom around the same time. Writers reporting on developments in both countries show how the main driver of this change came from the strategy of 'deregulation' (and essentially re-regulation) by governments pursuing an economic rationalist agenda (Hand 2001, Morgan and Sturdy 2000, Hodgson 2000, Kitay and Rimmer 1997, Burton 1994). In Australia, this blurring of industry boundaries and heightened competition has radically transformed not only the institutions themselves, but also what it means to be a financial services consumer. This has been particularly apparent in the retail banking industry where the very meanings of 'customer' and 'customer service' are constantly being reshaped.

Until the 1980s, the Australian financial system was heavily regulated, with exchange rate controls and limitations on bank products and interest rates (Hand 2001: 14). In Australia, the Campbell Committee, which was established by the Fraser government and which handed down its report in 1981, recommended significant restructuring and reduced regulation in line with similar developments overseas (Kitay and Rimmer 1997: 104). The deregulation recommended by the Campbell Committee was enacted by the Federal Labor government elected in 1983. One consequence of this changing regulatory framework was the removal of institutional and legal barriers between banking, building societies, credit unions, insurance and superannuation companies, and investment brokers.[2]

Hodgson (2000: 12) reports that in the UK these changes have "brought about an intensification of competition in all sectors". In Australia similar structural and discursive changes have resulted in an increasingly competititve environment in some

[2] The nature and effect of these changes are considered in detail in the following chapter.

areas of the industry. In retail banking, however, deregulation, rather than increasing competition, has resulted in Australia having one of the most concentrated retail banking markets in the world (Connolly and Hajaj 2001: 34). In the areas of small business banking and retail transaction accounts there is very little product differentiation, with these markets being dominated by four major banks: the Australia and New Zealand Banking Corporation (ANZ), the Commonwealth Bank of Australia (CBA), the National Australia Bank (NAB) and Westpac (Connolly and Hajaj 2002: 7).

The concentration of the retail banking market, which began with a series of mergers in the early 1980s, delivered a large share of the domestic market into the hands of the above four banks (Kitay and Rimmer 1997: 104). This market concentration was exacerbated by the privatisation of the government-owned banks in the 1990s. In 1990 government-owned banks held approximately one-third of the market. The Federal government-owned Commonwealth Bank was one of the four major domestic banks, while several banks owned by State governments had high regional profiles (Kitay and Rimmer 1997: 105). Subsequently, conservative governments began selling off publicly-owned enterprises, including the banks, and the buyers of these regional banks were, in the main, the existing large banks.

The concentration of the retail banking market and the limited number of suppliers and products now means that there is very little product and price differentiation between the banks. Kitay and Rimmer (1997: 106) indicate that, “for standard bank products such as savings, cheque and term deposit accounts and mortgages, the time taken to match a competitor’s initiative is often only a matter of hours”. While the banks claim to differentiate themselves from their competitors in terms of their customer service strategies, the customer service strategies of the four major retail banks appear to emphasise the same broad approach: fast, convenient service through technological innovation.

It is certainly the case that technological innovation in banking has changed the way that workers and customers in retail banking interact. The increasing number of technological service options available to retail bank customers has widened the space between worker and customer and altered the construction of time around banking. For example, bank customers are encouraged to bank online (using internet banking) at any time of the day or night. The service interaction in retail banking is now very often between the customer and a machine and the major banks in particular have introduced a range of disincentives to discourage customers from conducting their banking in person in branches. This has had quite profound consequences for the nature of retail bank jobs.

In the UK the extensive use of technology has transformed the bank employees' role from servicing customers to proactively marketing and selling financial products. Burton (1994: 52) has observed that "as a result of this reorganisation the tenor of the relationship between producers and consumers moves from one of politeness and support to an aggressive proactive battleground, with the customer as the sales target" (*ibid).* Further, Morgan and Sturdy (2000: 37), also writing about the UK, report that the changing discourses and strategy around marketing and customer care in the financial services sector generally have required people working in the sector to see themselves as "'enterprising actors' in much more commercially driven and uncertain entities" (*ibid).* As we shall see, Australian retail banking has experienced a similar shift in focus from service to an emphasis on selling products.

In Australia, some smaller regional banks and credit unions, have sought to differentiate themselves from the large retail banks by claiming to offer customer service strategies based on service quality. They place an emphasis on localised, friendly, face-to-face customer relations. These smaller institutions provide the opportunity to explore whether these different discourses of the 'customer' result in different approaches to employment relations' strategy and practice.[3]

The credit union and community bank case study organisations also provide the opportunity to explore in detail the extent to which different discourses of the customer and customer service strategies shape worker identity. They allow us to question how different the roles assigned to front-line service workers in these organisations compare to those working in the large retail banks, and to what extent these 'new' roles are embraced, accommodated, or resisted by workers.

[3] Throughout the thesis, the broad term 'employment relations' is used to encompass the full range of structures, strategies and practices that shape the relationship between management and workers. In presenting the detailed evidence in relation to credit unions and community banks, this broad category is broken down into two sub-categories: 'human resource management' and 'industrial relations'. These sub-categories reflect the main aspects of the employment relationship in the particular case study organisations. For the purposes of this study 'human resource strategy' refers to four key processes: staffing and recruitment, training and development, performance management, and reward management. The term, 'industrial relations', refers to the external regulatory and institutional aspects of the employment relationship.

3.3 The Cases

The ‘Big Four’ Retail Banks

The four major banks in Australia are the ANZ, CBA, NAB and Westpac. There is a second group of participants in the industry made up primarily of regional banks, building societies and credit unions. While these two groups “are not exclusive suppliers of retail banking products and services, they dominate this part of the market” (Kitay and Rimmer 1997: 103). In the area of retail banking where customer interaction is most direct, such as retail transaction accounts and small business banking, there is very little competition and for this reason the four major banks have been able to pursue strategies that have centred around cost-cutting and rationalisation. Since 1980 more than 7,000 bank branches have been closed across Australia (Reserve Bank 2002) and in the decade between 1990 and 2000 the major banks have shed around 25 per cent of their combined workforce (Probert, Whiting and Ewer 2000). These branch closures and job losses are the consequences of managerial discourses and strategies that focus on customer segmentation and profitability. Chapter Four considers how these changing customer discourses and strategies have led to very high levels of customer dissatisfaction and had very deleterious effects on retail bank workers.

The negative impact of changing managerial strategy and discourse on both workers and customers has created the potential for customer/worker alliances to oppose further change in retail banking. The FSU, recognising the ‘shared concerns’ of workers and customers, has sought to recruit customers into its campaigns against bank closures, job losses, and the introduction of individual contracts. While the FSU seeks to represent the interests of employees in the financial services sector across Australia, the majority of its members are employed by the four large retail banks.

Changes in management strategy and practice in the large retail banks have impacted significantly on the FSU’s traditional member base. Large reductions in staff numbers within the retail banks have also resulted in a corresponding fall in union membership. While most of the FSU’s efforts have centred around seeking to save the jobs of their members and more often negotiate redundancy payments, the FSU has also sought to broaden its approach and has drawn on American models of ‘community-unionism’ to run what the FSU call their ‘customer campaigns’. Chapter

Five analyses the customer related strategies employed by the FSU and the alliances it has sought to form with consumer groups. An examination of the nature and effectiveness of the customer-focused campaigns the FSU has engaged in highlights the limitations and potential of union strategy that relies on a conceptualization of the 'customer as ally'. Exploring the impact of union discourse and strategy also enables us to understand more clearly the impact of changing industry structure and management discourse on employment within the major retail banks.

Credit Union Movement

Credit unions in Australia are affiliated with the worldwide Credit Union Movement. This movement is governed by a set of operating principles that are underpinned by the concept of mutuality, and as such credit unions operate as co-operatives and not-for-profit organisations. The central tenet of mutuality is that those people served by credit unions are not customers but, rather, owner-members of their credit union. This discourse of 'member not customer' has influenced managerial strategy and practice in the credit unions since the 1850s.

Credit union membership in Australia has expanded in recent years. Credit Unions are the sixth largest financial institution in Australia, with total assets of $25.4 billion (APRA 2003: 30) and a collective membership of approximately 3.6 million (KPMG 2001). The peak credit union industry association, Credit Union Services Corporation of Australia (CUSCAL) attributes this growth to the "disenchantment of customers with the impersonal service and high fees and charges offered by other financial institutions" (www.cu.net.au, accessed 27 March 2003). Credit unions are seeking to capitalise on the high degree of dissatisfaction expressed amongst customers of the larger retail banks. However, while changing strategy and practice in the large retail banks has benefited credit unions in terms of overall membership, the same pressures that have led to these changes in the major banks have also had a major impact on credit unions.

Chapter Seven examines in detail three case study credit unions each reflecting different aspects of the credit union movement. The NSW Teachers' Credit Union is one of the largest credit unions in Australia. As its name implies its origins lie in providing a retail banking service for teachers employed in the New South Wales State education system. The continued member commitment its receives from teachers and the advantages it gains from direct payroll deductions have given the Teachers' Credit Union a strong base from which to expand their membership. In addition, the ready network that State schools provide means that it did not need to build up a branch network but has focused on offering service remotely since its inception in 1966. This long history of remote service and the fact that the credit union has been able to retain strong links with its original membership group makes the Teachers' Credit Union an exceptional case within the retail banking industry.

The second credit union case study, Power Credit Union[4] is a medium sized credit union that has not been able to maintain links with its original member base. Its membership base was severely depleted during the 1980s when technological change and government restructuring led to massive jobs losses in the electricity industry. These changes coupled with structural changes in the retail banking industry have had a significant impact on this credit union. The experience of Power Credit Union mirrors that of most credit unions in Australia and allows us to explore how organisations that originally differentiated themselves by their close links with their membership have had to change in order to compete on the deregulated 'level playing field' of retail banking and what this has meant for those working in these organisations.

The third case, Holiday Coast Credit Union, also saw its original membership base dissolve due to industry deregulation – in this case, deregulation of the dairy industry. In adjusting to the impact of deregulation on both the dairy and finance industries, Holiday Coast has adopted a very different strategy to that of most other retail banking institutions and has been expanding its branch network. It has done this through mergers with smaller credit unions and by re-establishing branches in rural towns left without a branch after the withdrawal of one or more of the major banks. In this respect Holiday Coast makes an interesting comparator to Bendigo Bank who, through its community bank program, has been re-establishing branches in suburbs and rural towns left without a banking facility.

[4] This is not the real name of this credit union. Management participation in the research was conditional on the identity of the organisation being protected.

Bendigo Bank's Community Banks

By developing a franchise model of community banking, Bendigo Bank has re-established banking services in over 100 localities and in so doing extended their branch network from its 'home' state of Victoria to every state within Australia. Bendigo Bank's community banks seek to offer themselves as an alternative to the large banks with an emphasis on friendly, face-to-face service. They claim to offer a return to what they call 'old-fashioned customer service'. This alternative customer service strategy draws on a discourse of the 'customer as community'. As we shall see, the conceptualisation of the 'customer as community' has implications for both customer and employment relations in the case study community banks.

Bendigo Bank promotes its community banks as a customer-led response to changes in the banking industry. Prospective community bank customers certainly do play an active role in the process of establishing the community bank and once established, some customers, through their role on the local management committee, retain an active role in overseeing the human resource and administrative functions of the bank.

Four Bendigo Bank community banks were chosen for detailed analysis in the thesis. During the research it became apparent that, as franchises of Bendigo Bank, all community banks in Australia operate on a similar basis and the four banks participating in the research reflect customer and employment relations across the community banks. The four banks have been renamed to protect the anonymity of the workers in these banks. They have been named Peninsula Community Bank, Seaside Community Bank, Shire Community Bank, and Heights Community Bank. The community bank model has found support not just from retail bank customers in rural towns and regional centres left without a bank branch, but also from people located in large metropolitan cities. The four cases were chosen to reflect the broad appeal of the community bank concept and its establishment across an array of towns and suburbs with very different geography and demography. The research began with Seaside Community Bank which is located in a beachside suburb of a large metropolitan city. It was established there after the suburb was left without any banking facilities when ANZ, the last of the retail banks operating, closed its doors. Members of the local small business community approached a credit union with a view to re-establishing a branch facility but could not generate any interest; it was then that they considered the community bank model. The second case study bank, Peninsula community bank, is located in a fast growing coastal town in NSW. Of the four case study community banks it had been operating for the longest period and Peninsula highlights some of the tensions that arise for staff who are in effect answerable to two 'bosses' – the local management committee made up of customers of the bank and Bendigo Bank management. The third case study bank is Heights Community Bank, located in a suburb outside of a major industrial centre on the south coast of NSW. As with the other community banks, this bank highlights the important role of small business traders in the establishment and continued operation of the community banks. The fourth bank, Shire Community Bank, is the most recently established of the four community banks studied and is located in a rural town that was left without any banking facilities, when over a two-year period, all of the major banks closed their local branches. Unlike the other three community bank cases, this town had sufficient notice of the intention to close by the last of the major banks to enable them to establish the community bank within weeks of the closure. This proactivity on the part of the local citizens who worked to have a community bank established indicates how important the presence of a local bank branch is to rural communities.

An examination of Bendigo Bank's community bank model, and these four community bank cases in particular, offers the possibility of exploring a range of roles of the customer outlined in the literature, including the customer as 'co-producer' and 'other boss'.

3.4 Methodology

In the introductory chapter to this thesis I used the analogy of 'the journey' to describe how I ended at this very ordered representation of a lengthy and unordered research process. In this section of the thesis I explain further how the research process unfolded by outlining the methods employed in the research project and indicate how the research was influenced by the meanings that I brought to the project as well as the meanings I discovered along the way. This is reflected in the way that the qualitative research methodologies initially selected for this research project came to be influenced by insights from critical discourse analysis.

I began the research with what Gummesson (2000) calls a "preunderstanding" of the possible role of the customer in retail banking. That is, I came to the research with a certain attitude and a commitment to the project (Gummesson 2000: 60). This attitude and commitment was influenced by my own personal and previous research experience. Drawing on this previous experience I employed the techniques of content analysis of primary and secondary sources and long, semi-structured interviews. During 2001 and 2003, 90 semi-structured interviews were conducted with management, workers, union officials, union delegates, and consumer advocates from the case study organisations. Table 3.1 provides details of interviews undertaken in the case study organisations. Interviews were *not* conducted with customers of the case study organisations, because the focus of the research is not the customer *per se*, but rather how customers influence the employment relationship.

During the interviews it became apparent that the way that workers and managers in the case study organisations talked about customers and the meanings they attached to customer service appeared to have as much influence on organisational policies, processes and practices as the 'real' customers in these organisations. It was necessary for me to change my theoretical paradigm and to begin examining the data through the lens of discourse. In effect this meant that the analysis of interviews, document records and newspaper articles was undertaken with a "view to understanding discourse and its role in constituting social reality" (Phillips and Hardy 2001: 11). It does not mean that the research employed discourse analytic methods. Rather my analysis of the interviews came to be carried out with an assumption drawn from critical discourse theory that discursive practices can function to reproduce or resist existing power relationships between different groups (Ainsworth 2003: 121). I no longer assumed that language was neutral but a key social process through which power struggles occur. I came to understand that language carries "historically established meanings and distinctions that tend to create a certain version of the social world" (Alvesson and Willmott 2003:18). Examining the data with this understanding allowed me to explore how different meanings of 'the customer' reflected on worker identity in the case study organisations.

Table 3.1

Interviews Conducted in Case Study Organisations

Organisation	Interviewees	
Major Retail Banks	**Total number of interviews**	**23**
Finance Sector Union	Officials and workplace delegates	14
Retail Banks[5]	Management	3
	Customer service officers	2
Consumer Groups	Australian Consumers Association (ACA)	1
	Pensioners and Superannuants Federation	2
	Financial Services Consumer Policy Centre	1
Credit Unions	**Total number of interviews**	**37**
CUSCAL	Officials	3
NSW Teachers Credit Union	Management	2
	Member Service Supervisor	1
	Member service officers	7
	Branch Manager and FSU delegate	1
	Volunteer school representative	1
	Chair of Members Committee	1
Power	Management	3
	Customer service officers	7
	FSU delegate and Debt Recovery Officer	1
Holiday Coast Credit Union	Management	3
	Customer service officers	7
Bendigo Bank Community Banks	**Total number of interviews**	**30**
Bendigo Bank	Management	5
Seaside Community Bank	Management	3
	Customer service officers	2
Peninsula Community Bank	Management	3
	Customer service officers	7
Shire Community Bank	Management	2
	Customer service officers	5
Heights Community Bank	Management	2
Western Australian Community Bank	Member, Management Committee	1

[5] A small number of interviews were conducted with employees of the large retail banks in order to supplement, the significant body of research already available on the large retails banks and retail banking generally. Five interviews were conducted with employees from the large retail banks, including two branch managers (ANZ and CBA), two customer service officers (ANZ and Westpac) and one human resource manager (Westpac).

The research project began with a need to better understand the nature of the retail banking in Australia. Initial contact was made with the peak employer association, the Australian Bankers' Association (ABA) and the union representing workers in the retail banking industry, the Finance Sector Union. Despite a number of attempts to interview a representative of the ABA, the Association declined to participate in this study. The FSU were keen to participate in the research project and initial interviews with the FSU delegates led to further interviews with employees in the large retail banks and representatives of the peak credit union body, CUSCAL. The initial sampling for the thesis relied on a snowball effect, however, as the research progressed I sought to include research sites in the project that reflected the different demographics of the towns and suburbs that the community banks and credit unions were located in. With regard to the credit unions, while the FSU recommended the NSW Teachers Credit Union and Power Credit Union as possible research sites, I included Holiday Coast Credit Union in the research project because of its involvement in the CreditCare program and because the organisation had very little interaction with the FSU. Similarly, whereas my initial contact with Seaside community bank came from an interview with a FSU delegate the other three community bank case studies were chosen because they were located in towns or suburbs that reflected the wide appeal of the community bank model. Overall I relied on snowballing to increase the sample size but kept adding to the sample in order to hear "the story" from different perspectives (Arskey and Knight 1999: 57).

To a certain degree the selection of research sites was constrained by a need to limit the time and expense of travel, however the thesis does not limit its analysis to metropolitan centres and one of the strengths of the thesis is that it examines retail bank sites located in small, rural and regional centres. To date, very little research in the banking industry in Australia has moved beyond major metropolitan centres.

With the exception of Seaside and Heights' community banks, interviews were conducted with *all* customer service officers (CSOs)[6] working in the branches of the

[6] The term Customer Service Officers (CSOs) is used throughout the thesis as the title for the interviewees who worked on the 'front-line' in interactive service roles in the major retail banks and community banks. When referring to the front-line workers in the credit unions, the term MSO is used. The case study organisations used a number of titles for the CSOs and MSOs, however, the term Customer (Member) Service Officer is the one that the interviewees used when referring to their position title and job role.

case study organisations. In the case of Seaside it was not possible to interview all CSOs because two were on leave the day interviews were organised and in the case of Heights Community Bank the Manager withheld permission for me to interview the branch staff, ostensibly because he did not want to disrupt the work of the CSOs. Each CSO interviewed was taken away from their duties on the front counter, which meant that other CSOs were required to cover for them and this necessarily limited the length of each interview. As the project progressed research questions changed and it was necessary to repeat interviews with the Managers of Seaside and Coast Community Banks and three of the CSOs at Coast Community Bank who had been interviewed early in the research process. All of the interviews were conducted at the workplace of the interviewees and this enabled me to make observations about the location of the banking institution (the streetscape and proximity to other banks), the layout of the branch, and to observe interactions between customers and workers first hand.

The interviews were 'semi-structured' in that there was a list of questions used to guide the research. However, the question script was not strictly followed and interviewees frequently introduced other issues into the discussion, which were pursued where relevant.[7] As Bradley and Ashkanasy (2001: 86) suggest:

> The semi-structured interview is especially suitable when the investigators are interested in perceptions of the participants because it allows the interviewer to control the general direction of the interview, but encourages the respondents to talk freely about whatever seems important to them.

The ongoing process of data analysis guided the development of interview questions. As data was collected and analysed, the interview questions changed. The interviews were conducted on a one-on-one basis at the interviewee's workplace and ranged in time from 30 minutes to 90 minutes. All of the interviews were tape recorded with the consent of the interviewees and were transcribed as close to the interview time as possible so that, as Hodgson (2000: 17) suggests, it was possible to recall and reflect on the meaning constructed at the time. Overall a 'reflexive' approach was adopted in the analysis of the interview transcripts. As Dunford and Palmer (1996: 696) explain,

[7] A list of questions used in the interviews is attached as Appendix A. Not all questions listed were asked in all interviews.

"reflexivity entails possessing the ability to be critical or suspicious of our own intellectual assumptions [however, it] does not mean falling into an endless regress of self-reflexive interpretations and deconstructions".

Being reflexive however did mean that I needed to move away from familiar theoretical concepts and engage with theories and models that arose out of the real-world observations I was making in the research. In order to aid this reflexivity and produce inductive rather than deductive research, the interviews were analysed using what Glaser and Strauss (1967) refer to as the 'constant comparative method', where the data is coded into categories and basic social processes. These processes were continuously amplified and revised as new information was obtained, coded and analysed. The coding of the data was facilitated by the use of the qualitative research software package NVIVO (Richards 2000). The transcribed interviews were reviewed and themes and sub-themes that arose from the transcripts were noted. These themes and related sub-themes emerged iteratively and were readjusted over many readings of the data (Dunford and Palmer 2002: 384). I also made use of NVIVO's notebook facility which allowed me to record observations made during the research site visits and to reflect on non-verbal cues as well as my own role in the interview. A list of themes and sub-themes ('trees' and 'nodes') used in the coding of the data is attached as Appendix C.

In order to respect the frankness and honesty of the managers and CSOs interviewed I have used their position titles only in order to protect their confidentiality and ensure their anonymity. I have given the names of the senior bank management, union officials, and representatives of consumer organisations because they were speaking as representatives of these organisations not as individuals expressing a personal view.

The research also involved analysis of a range of documents from the case study organisations (mainly consisting of official company literature, such as brochures, PR information, customer newsletters and brand strategy reports). These documents both informed and were informed by the interviews. In addition, considerable attention was paid to analysing media articles relating to retail banking in general and the case study organisations in particular. The research also drew on both published and unpublished reports produced by bodies, including the Australian Prudential

Regulation Authority (APRA), the Australian Consumers Association (ACA), the ABA,[8] and the FSU.

Evidence was also garnered from government inquiries, including: the Report from the House of Representatives Standing Committee on Economics, Finance and Public Administration into regional banking services (1999); an inquiry by the Prices Surveillance Authority in bank fees and charges (1995); a report from the Human Rights and Equal Opportunity Commission (HREOC) into the accessibility of new service options for disabled and older Australians (2000); and a report from the NSW Local Government, Banking and Financial Services Taskforce into the role of local government in providing banking facilities (1999).

3.5 Conclusion

In Australia, the retail-banking industry and, indeed, the financial services sector generally, has undergone significant change since the 1980s. As in the UK, during the 1980s and 1990s the sector's self-image has been "challenged, reshaped and replaced by new discourses, particularly those concerned with strategy, 'marketing', 'quality service' and 'customer care'" (Morgan and Sturdy 2000: 36). A key component of these changes has been the particular importance accorded to the role of the customer. This emphasis on the customer makes the sector a pertinent one for those seeking to study the different ways that customers can be conceptualised within organisations. At first glance the industry, which is dominated by the four major banks, appears to offer very little differentiation in terms of customer discourse and strategy. However, other players in the industry are seeking to challenge the approach taken by the major banks. Examining these alternative discourse and strategies highlights the multifaceted significance of 'the customer' as both a psychical and a discursive presence in the Australian retail banking industry.

The following chapter details the structural changes that have occurred in the retail banking industry in the past two decades. The chapter also examines the customer discourse of the four largest retail banks and shows how they have moved their strategy from service to sales and the implications of this for workers in those banks.

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[8] Despite repeated attempts to interview a representative of the Australian Bankers' Association access was not given.

SECTION TWO

The Customer and the Major Retail Banks

CHAPTER FOUR

CUSTOMERS AS CONSUMERS

From Customer Service to Customer Segmentation in Australian Retail Banking

4.1 Introduction

In his expose of the Australian banking industry, entitled *Naked Among Cannibals*, Graham Hand (2000: xii) argues that "banks have gone from being trusted financial partners to being vilified by their customers". In Hand's evocative analogy it is the customers who are wandering "naked" among the cannibalistic banks. Certainly, the relationship that banks once had with their customers has undergone significant change in the last two decades. Australian social commentator Hugh Mackay's (1993: 118) survey of social attitudes towards the banking industry revealed that "as a direct result of deregulation of the banking system, Australians have come to the conclusion that banks are aggressive, commercial marketing organisations who are out to maximise their own profits". According to Mackay, "customers often feel exploited [and] relationships seem to be of decreasing importance" (*ibid*). In the decade since Mackay's research was undertaken, customer dissatisfaction has not diminished. A recent study by the Financial and Consumer Rights Council found that "anger over bank fees, branch closures and the impact of electronic banks has hit a record high and feelings of distrust and exploitation are overwhelming" (Lewis: 2000b). It may be that the major banks have underestimated the importance of the service relationship to their industry. While there is no doubt that the introduction of technology has meant that customers have access to their accounts 24 hours a day, the technology that makes this possible has also dramatically changed the nature of the service relationship in retail banking. It would appear that disincentives now attached to face-to-face delivery of service are some of the most pressing concerns of bank customers.

This chapter outlines the broader social and political developments that have shaped change at the workplace level in retail banking. It argues that while deregulation of the banking industry was aimed at increasing the number of suppliers of retail banking products and services, what actually occurred was a major shift in the relationship between banks and their customers. This chapter outlines the different representations of 'the customer' and 'customer service' employed by the large retail banks and the effect of these discourses of the 'customer' and customer relation strategies on employment relations in the four major retail banks. The large retail banks dominate the Australian retail banking industry and the evidence relating to developments in the credit unions and community banks can only be understood against the backdrop of changing structures and discourses in the large retail banks.

4.2 "The Only Constant is Change"

Since the 1980s the financial system in Australia has undergone substantial structural change. The pace of this change has not slowed; indeed, some commentators argue that the "only constant in the financial services sector is change" (KPMG cited in Walker 1998: 2). The Wallis Inquiry into Australian Financial Services (1997) identified a number of factors driving change in the financial landscape. These included changes in customer needs, technological innovation, and changes in the regulatory framework (House of Representatives Standing Committee 1999: 19).

Major change to the financial services sector began in 1983 with a radical overhaul of the regulatory environment. The Australian dollar exchange rate was floated in December 1983 and exchange controls were lifted (Hand 2001: 14). In 1984 foreign-owned banks were allowed to operate in all areas of the industry and as a result 16 licenses were issued for foreign banks,[9] although not all were taken up. As well, a number of domestic non-banking financial institutions such as building societies were granted banking licenses. During the 1990s a number of government owned banks, including the Federal Government-owned Commonwealth Bank, were privatised. These changes were directed at increasing competition within the industry. Around the same time a series of retail bank mergers occurred which resulted in the domination of the industry by the big four banks. As a result, Australia now has one of the most concentrated retail-banking markets in the world, with only 11 banks offering retail transaction accounts (Connolly and Hajaj 2001: 34).

[9] Kitay (2003: 136) comments that it is particularly notable that those foreign banks which attempted to establish a retail presence made little impression on the market, and in most cases now restrict their activities primarily to merchant banking activities.

While deregulation was intended to increase choice for consumers this has not occurred across all product segments. In the home mortgage area consumer choice has increased dramatically. The ABA reported that "prior to deregulation in 1995 customers had the choice of only 26 different home mortgage products. Today, the market offers nearly 2,500 varieties of mortgages" (Local Government Banking and Financial Services Taskforce 1999: 11). Conversely, in the areas of retail transaction accounts and small business banking competition remains very weak (Connolly and Hajaj 2002: 7). In these product segments there is very little price or product differentiation across the banks, particularly the big four banks. An inquiry by the PSA (1995: xxx) reported that "non-price competition is the dominant form of competition and evidence suggests that it is strong". The report expressed concern that the degree of non-price competition in retail banking was excessive. Kitay and Rimmer (1997: 105) found that bank managers did not consider competing on price or product innovation to be a viable strategy. Product innovation was not viable because any new product launched onto the market would be quickly matched within a matter of hours. Rather, "Australian banks now claim to base their competitive strategy on service quality to customers" (Kitay and Rimmer, 1997: 106). Despite the assumption that increased competition would improve customer service, many bank customers are not satisfied with the service they receive.

4.3 Customer Service and Customer Dissatisfaction

Customer dissatisfaction with retail banks reached a crescendo in Australia in 2001. Apart from newspaper stories, books, and, even a satirical movie, retail bank customers' dissatisfaction was also demonstrated in concrete ways. For example, the number of complaints to the Australian Banking Industry Ombudsman rose from 4,829 in 1999 to 6,199 in 2000 (Hannen 2001). A survey of 3,804 customers conducted in November 2002 by the ACA found that "only 11 per cent of customers of the big four banks said they were 'very satisfied' with the service they received" (Long 2002). In response to this discontent, Westpac has gone as far as to issue its staff with a kit outlining answers they should give to friends and relatives who complain about the bank at social functions (Peterson 2001). The cards supplied to Westpac employees seek to address the key issues that have contributed to the high level of customer dissatisfaction with the retail banks in Australia. These include branch closures, poor service, and hidden fees.

Prior to deregulation, banks imposed account keeping fees and transaction fees on cheque accounts, but not on savings or investment accounts. However, as the PSA has reported:

> Deregulation has blurred the distinction between savings and cheque accounts, with many accounts now offering features of both, and incurring fees and receiving interest. In the past few years, the incidence of fees being imposed on all types of retail transaction accounts has increased. This trend has applied not only to the new type of accounts offering both cheque and saving features, but also to the traditional savings accounts (PSA 1995: xxii)

Further, bank fees have increased substantially over the past few years. In 2001 receipts from fees charged by banks rose to $7.1 billion, up by almost 75 per cent since 1997 (Wade 2002a). Table 4.1 sets out how fees have increased since 1995.

Table 4.1
Transaction Fee Increases in Major Australian Retail Banks

Transaction Fees	1995	1999	2001	Percentage Change
Own bank Automated Teller Machines (ATM)	40c	75c	$1.00	+250%
Other banks' ATM	40c	$1.30	$1.40	+350%
Counter withdrawal	$1.00	$2.15	$2.75	+250%
Free transactions (monthly)	11	8	8	

Source: Reserve Bank of Australia cited in Wade 2002a.

Private customers paid $2.3 billion in bank fees in 2001 (Wade 2002a). Small business was most affected, with these customers' bank fees ballooning 18 per cent to $2.64 billion compared with some $2.16 billion in fees paid by large corporate clients (Wade 2002a). A general fee comparison study of 100 banks in the US, Canada, France, Germany and Australia, conducted in the UK in 2000, concluded that Australia and Canada had the most expensive personal current accounts, with Australia having the highest fees for ATMs (Lampe 2001: 6). While consumers have enthusiastically embraced the convenience of ATMs, making 37 million cash withdrawals a month, the fees charged for ATM use are high and banks have not been upfront in disclosing the charges, prompting consumer groups have called for on-screen disclosure of such fees (Gittins 2001: 14).

The banks contend that fees have increased largely because margins on borrowings have decreased. In 2001 the margin for mortgage borrowers was just over 1 per cent and 2.5 per cent for small businesses (Hewett 2001b). This, it is argued, has reduced the bank's capacity to cross-subsidise transaction accounts, with "the industry being compelled to introduce account keeping and transaction fees" (Walker 1998: 3). However, the PSA's Inquiry into Fees and Charges Imposed on Retail Accounts (1995: xxix) concluded that "there is little relationship between margins and spreads and fees on Retail Transaction Accounts".

It is not only increasing charges that have fuelled public anger towards the major banks. Equally important has been the perception that the increase in bank profits has been accompanied by a decline in service levels. Some commentators argue that the banks' move to charging fees on transactions is as much about shifting customers out of branches as it is about making profits (Gittins 2001, Hand 2001, Kaufman 2001). Tripe (2000) contended that:

> Even if account fees were increased to somewhere near the cost of providing transaction services to customers, it is still unlikely that the revenue generated would make a large difference to banks' incomes … indications are that account fees are designed to change patterns of customer transaction behaviour rather than collect revenue (Tripe cited in Connolly and Hajaj 2001: 13).

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Table 4.2 sets out the price disincentive associated with over-the-counter transactions for personal banking on basic savings accounts once a customer has exceeded the nominated number of free transactions per month.

Table 4.2
Bank Charges in the Four Major Australian Retail Banks, 2003

Bank	Over the Counter	ATM Own Bank	EFTPOS[10]	Phone	Internet
ANZ	$2.50	50c	50c	50c	Free
CBA	$2.00	50c	30c	30c	30c
NAB	$3.00	60c	60c	20c	20c
Westpac	$2.50	50c	50c	40c	25c

Source: Bank Websites, accessed 13 May 2003

[10] Electronic Funds Transfer at Point of Sale.

The large banks have used fee increases to ‘encourage’ people to adopt technological service options and avoid over-the-counter transactions. In evidence to a Federal parliamentary committee on fees for electronic banking, the CBA reported that it had raised the proportion of its transactions performed electronically to 80 per cent of total transactions. In three years to 2001, the ANZ had reduced the proportion of branch-based transactions from 20 per cent to 12 per cent (Gittins 2001).

The introduction of ATMs and EFTPOS has given rise to the concept of self-service in retail banking. In effect, through these self-service options the customer becomes a ‘co-producer’ of the retail banking service. As Sturdy (2001: 7) indicates, “economies may be achieved by getting or educating customers to perform some of the labour themselves”. The flexibility and convenience offered by these new technologies has undoubtedly suited the changing lifestyles of many banking consumers. Longer working hours and the increase in two income households has made accessing bank branches between the hours of 10am and 3pm more difficult for many households. Australian retail banking consumers have shown a willingness to adopt the new self-service technologies. Since 1993, the number of ATMs throughout Australia has almost tripled to 14,714 (Reserve Bank 2002). ATMs now outnumber bank branches by three to one and the number of EFTPOS terminals has increased from 30,486 in 1993 to 40,084 in 2002 (Reserve Bank 2002).[11]

The technologies have further expanded to enable the customers to undertake a significant proportion of their banking from home via either the phone or the internet.[12] In 2001, the CBA’s NetBank had more than 550,000 customers banking online (Johnston 2001). A bank spokesperson noted that:

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[11] Consumer and disability advocacy groups have taken up the task of seeking to improve the quality of the service offered at the ATM. HREOC released a study in January 2000 on an audit of 16 ATMs nominated by six banks. The banks were the CBA, ANZ, NAB, Westpac, St George and Colonial (now merged with the CBA). The report concluded that all banks have ATMs that are not usable by older people and people with disabilities, or are only usable with considerable difficulty (ACA 2000a). It appears that while many consumers appreciate the convenience of ATMs, they are not satisfied with such things as ATM location and maintenance. As the ACA has observed: “banks have placed an enormous reliance on ATMs in their strategy to move customers out of branches, in order to achieve a win-win outcome for banks and their customers, it is time to take these local issues seriously” (ACA 2000a: 2).

[12] A report by HREOC indicates that access to these technologies is very much lower for people over 55. Access for this group was increasing “very slowly for ATM and EFTPOS and telephone banking, and more significantly but from an extremely low base for internet use” (HREOC 2000: 7). For instance whereas 73 per cent of people aged 18-24 used the internet in the 12 months to November 1999 only 16 per cent of people aged 55 years and over had done the same (HREOC 2000: 6).

> The Commonwealth has chosen to approach online banking as an internal improvement strategy, using its service to lower the cost of managing accounts and improve service levels. The services the bank branch provides move onto a centrally controlled internet site, but the costs involved in running a branch, such as staff and building costs, all but disappear (Johnston 2001).

A CBA Branch Manager explained, “My staff have targets for the number of people we have to move out onto netbank and electronic methods of banking” (Interview, 7 March 2002). Bank management has argued that encouraging people to use electronic banking is “not about closing bank branches, it is about providing a mix of services” and that offering on-line services is part of providing what they call a “relationship mix for customers” (Johnston 2001). Built into the CBA’s internet banking website is a “customer relationship monitor” aimed at providing the bank with information on what its customers want. It appears that customer service within banking has moved from a service interaction between customer and worker to a service interaction between customer and machine and, most recently, to a service interaction between customer and cyberspace. When retail bank customers need to discuss aspects of their banking they are directed to phone banking. A CSO in an ANZ bank branch explained that “customers are told to ring call centres or other business districts rather than talk to the branches; even our phone number is not in the phone book anymore” (Interview, 18 March 2002).[13]

Despite the move to electronic, phone and internet banking, there is evidence that what many bank customers desire above all else is face-to-face contact.[14] A study by Deloitte Research charted responses to a telephone survey of 2000 banking

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[13] The finance sector houses about a third of all call centres in Australia (Cullen 2001). It also has the highest turnover of call centre staff. Turnover rates in finance sector call centres are 26 per cent compared to an average of 21 per centre across all sectors (Wallace cited in Cullen 2001).

[14] Nankervis, Compton and McCarthy (1999: 179) highlight an interesting aspect of Westpac’s human resources strategy that appears to recognise the importance of face-to-face contact and the aesthetic component of front-line service work. They relate how Westpac has moved away from the traditional Equal Employment Opportunity paradigm and is seeking to gain a competitive edge by matching its workforce profile to that of the customer and so reflect their needs, customs, ideas and language. However, they provide a note of caution. In following that strategy, Westpac recruited more gay employees to match its customer base and in so doing received a number of complaints of reverse discrimination. Similar complaints were received in Cabramatta where an attempt was made to attract Vietnamese employees, once again to better mirror the local customer base.

consumers in ten countries[15] and compared these with responses of 133 senior financial services executives in 17 countries.[16] The results indicate an incongruity between the meaning attached to customer service offered by the customers and that offered by executives:

> Although financial services executives agree on the critical importance of customer service, they often mean such issues as 24-hour access, increased convenience, and one-stop shopping. Consumers, on the other hand, are more concerned with the quality of their interactions with their financial services providers, so-called 'moments of truth'. Is information provided quickly? Is it easy to resolve problems? Are personnel friendly and eager to help? Am I recognised? Do they remember my last call? (Deloitte Research 2000: 7).

The survey showed that many customers expect personal, responsive attention and that branches remain highly relevant (Deloitte Research 2000: 4).

The last two decades have witnessed a major reduction in the number of bank branches. In 1980, Australia had 11,760 bank branches but by June 2002 the number had fallen to 4,728 (Reserve Bank 2002). Table 4.3 identifies the main trends in branch numbers on a metropolitan and non-metropolitan basis over the period 1993 to 2000. Over this period the relative proportion of branch closures in metropolitan areas has been higher than in non-metropolitan areas, particularly in Victoria and Tasmania. The one exception, the Northern Territory, has experienced a strong decline in non-metropolitan areas but growth in the metropolitan region. The major retail banks claim that demographic factors have necessitated changes in the delivery of services to remote and regional Australia. In most cases this has resulted in the systematic closure of branches.

In 1998, the then Chief Executive Officer (CEO) of the ABA outlined the process involved in decisions about branch closures to a House of Representatives Inquiry into Regional Banking Services (1999), in the following terms:

> An individual bank will review the trends in an area. They will look at what has been happening to their business over a long period of time and they will make projections. If the conclusion that an individual bank comes to is that the bank branch is no longer profitable, or will not be profitable in the near future, then work is done on what are the alternative services that may be provided in that particular location (Aveling *Transcript of Evidence*, 18 February 1998).

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[15] Countries included in the survey were Australia, Brazil, Canada, France, Germany, Japan, South Korea, Thailand, United Kingdom, and the United States.

[16] Deloitte's report did not provide the names of the 17 countries.

Significantly, the House of Representatives Inquiry (1999: 21) found that it is not only the unprofitable branches that had been closed. It concluded that: “It is neither fair nor constructive to perpetuate this impression which in some ways could be seen to put the responsibility for a bank closing on the township rather than on the banks”.

Table 4.3

Location of Bank Branches in Australia 1993-2000

Metropolitan	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	TOTAL
1993	1397	1294	542	338	402	60	19	106	4158
1994	1374	1248	539	344	428	53	17	102	4105
1995	1364	1123	541	355	426	58	27	96	3990
1996	1290	1116	532	347	412	58	25	98	3878
1997	1168	996	534	296	348	48	23	86	3499
1998	1049	892	487	274	342	46	22	78	3190
1999	1066	791	461	271	315	38	24	81	3047
2000	979	759	416	229	303	51	23	78	2838
% Change 93-00	-30%	-41%	-23%	-32%	-26%	-15%	+21%	-27%	-32%
Non-Metropolitan	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	TOTAL
1993	1042	689	576	239	242	102	15	1	2906
1994	992	575	575	220	201	103	18	1	2685
1995	980	556	588	206	206	94	34	1	2665
1996	955	563	605	192	194	92	28	0	2629
1997	921	550	679	188	183	84	17	0	2622
1998	850	496	640	173	178	73	15	0	2425
1999	784	483	600	176	171	80	17	0	2311
2000	731	458	537	197	157	64	17	4	2165
% Change 93-00	-30%	-34%	-7%	-18%	-35%	-37%	-13%	+400%	-25%

Source: Connolly and Hajaj 2001: 61. Figures from 1993-1999 are from the Reserve Bank of Australia. 2000 figures are from the Australian Prudential Regulation Authority. Non-metropolitan includes regional towns, remote areas, and rural areas.

In some instances the bank branch has been replaced by a banking agency; that is, branch functions have been outsourced to a third party. For example, under Westpac’s agency arrangements, the bank enters into a commercial agreement with a local small business (in 30 per cent of cases a pharmacy) that provides basic teller functions and some enquiry functions on Westpac’s behalf. Westpac trains the ‘agent’ and pays for the capital costs involved in establishing and running the in-store branch, including the cost of computers, phone booth, security equipment, stationery, and transfer of cash costs (House of Representatives Standing Committee 1999: 60). The presence of ATMs, the proliferation of EFTPOS facilities and the establishment of banking agencies has allowed banks to argue that the number of contact points for customers in bank networks is actually expanding. In addition to these agencies Australia Post offers its electronic facility, GiroPOST, which delivers transactional services in Australia and offers access to the products and services of several banks and financial institutions. As at June 2002 there were 2,962 GiroPOST outlets across Australia. Yet, while agencies provide access to over-the-counter retail banking transactions, the limited range of services they provide do not meet the needs of business customers and rural producers (Local Government Banking and Financial Services Taskforce 1999: 25). Moreover, in the decade June 1990 to June 2000, the number of bank agencies actually declined from 7,712 to 5,043 (Reserve Bank 2002).

Where branches have remained in place the functions that they perform have changed significantly over the past decade. The major banks have moved away from branch-based banking, where virtually all tasks were performed at the branch level, and have centralised many of the back room functions, leaving the branches that remain with predominately a sales function. In this way Australia is following a trend that began in the US in the 1980s. Pollard (1999: 62) explains that these changes first occurred in California, where, since the early 1980s, “retail bank branches once designed as microcosms of an entire bank have gradually relinquished their role in the transaction handling aspects of operations and lending and have been adapted to function as sales outlets”. In the Australian context, the adoption of these retail innovations has transformed customer relations strategy and practice in the banking industry:

> [Whereas] previously, the focus of activities was on processing large numbers of standard transactions quickly and accurately, with a prevailing culture of providing good service to customers. Banks now view transactions with customers less in terms of processing and service than as ‘sales opportunities’ (Kitay 2003: 137).

This move in banking from a service to a sales culture may also be fuelling the increasing levels of customer dissatisfaction with the banks. While retail bank customer may go into a bank branch or telephone a bank call centre with a view to being provided with a service, bank management requires that the front-line service officer attending them takes the opportunity to try to sell them a banking product.

Korcyznski (2002: 105) argues that in this way "sales work tends to prioritise the role of the firm, and its front-line sales workers, in constituting the 'real' interests of the customer, and to marginalize the role of the customer in this process". The customer may be looking for friendly, reliable service but the emphasis on selling reminds them that the bank primarily views them in a much more instrumental way: as a source of further profits. In short, "there is less emphasis on the customer *per se*, and more emphasis on getting the customer's money" (Korczynski 2002: 116).

This emphasis on selling is evident in the changing internal design and fitout of retail bank branches. With their soft furnishing, bright décor, and private booths resembling smart retail outlets they are a far cry from the grey and functional banking spaces of the past. Burton (1994: 41) has suggested that the previous style of bank branches promoted a solid, secure, and conservative image where:

> The spatial layout of the branches highlighted the fact that issues relating to production were given priority over those of consumption. In these earlier style branches staff occupied around 90 per cent of the total office space, leaving customers with something in the region of 10 per cent. More often than not, the available space consisted of standing room in long, narrow and somewhat bare banking halls, where customers submissively waited before having the pleasure of being served.

The newer style of bank branches turn this use of space around and the amount of space given over to the customer occupies the majority of total office space. A CBA manager outlined the changing spatial layout of the new-fashioned branch as follows:

> We have what are called Customer Relationship branches, which are the latest innovation. They are customer relationship models so when you walk in there is an inquiry counter. Then you have all the customer studios where you take customers in to open accounts, or do loan applications, and then you have the tellers right down the very back (Interview, 14 June 2001).

These branches are primarily the retail outlets of the banks where the focus is on selling new products and processing of transactions occurs outside of the branch, in some cases, by the customers themselves.

4.4 From Customer Service to Customer Segmentation

While the majority of customers are being directed away from the branches, businesses and 'high net worth individuals' are, in many cases, receiving services that are more highly personalized (Kitay 2003: 137). A Westpac CSO observed that: "You've got private bank customers who are quite wealthy and you never question anything they want. You have just got to do it." (Interview, 4 June 2002). To be eligible to join NAB's private banking service, customers must have net assets of at least $500,000 excluding the value of their home (Lekakis 2001). Bank customers who meet these kinds of asset criteria are given access to banking facilities in private suites and with discounted or fee-free transactions. In April 2002 the NAB announced that it would close a further 56 branches and shed 2,500 jobs at the same time that it planned to allocate $200 million to service its wealthy customers (Boreham and Megalogenis 2002). The kind of service a customer is entitled to now depends largely on the business which they currently bring (or have the potential to bring) to the bank. The new approach also changes how and where that service occurs. A Westpac Human Resource Manager explained:

> It depends on the customers that you are looking at as well. Institutional customers and private bank customers will go straight to their relationship manager. Then the other retail customers will either go to one of the call centres, or on the internet or to their local branch (Interview, 20 June 2002).

The way that banks manage these different responses to customers is part of a strategy referred to as relationship marketing. The banks have been amongst the first businesses to embrace the concept of relationship marketing as a competitive strategy. Dibb and Meadows (2001: 170) describe relationship marketing as focusing on the interaction between buyer and seller in order to win and keep customers by maintaining links between marketing, quality and customer service. While this might describe any positive customer relationship, the focus in relationship marketing is on retaining only certain selected customers. According to Dibb and Meadows (1999: 169):

> More than ever before (businesses) need to have a detailed understanding of their customers, their current and potential profitability, how to successfully meet the needs of their best customers through the provision of an appropriate range of financial services, and how to prevent these most valuable customers switching to other providers.

Burton (1994: 53) has argued that "the relationship banking approach concentrates on clients', rather than customers', individual needs and how those needs might be satisfied". This was confirmed by a human resource manager who outlined what 'relationship management' meant at Westpac:

> I guess part of our strategy as well is getting closer to the customer, really understanding their needs and developing a relationship with them. So that you are not just getting their retail banking business but if they want to invest, or need a mortgage, or they have a business that they are running we get all of that business because of the great service and the great relationship (Interview, 20 June 2002).

Knights and Sturdy (1997: 173) have observed that, "banks, in particular, with their large and 'captive' client bases have the potential to collect massive amounts of information". Further, new developments in technology enable banks to link their records with outside databases to develop "richer profiles of their customers" (Dibb and Meadows 1999: 180). These profiles are then used to segment the customer base and resources are concentrated on the 'best' customers. In announcing the introduction of new "Customer Relationship Management software" in 2001, Westpac claimed that, "this system provides us with the proactive approach to meeting our customers' total financial needs" (www.westpac.com.au, accessed 16 August 2001). According to Knights and Sturdy (1997: 170), "the new competition conditions have resulted in market segments being evaluated not just for their psychological compatibility with particular products and services but also for their cost-profit effectiveness".

This segmenting of the customer-base allows resources to be concentrated on 'high-value' customers at the same time that they are being withdrawn from less profitable or 'low-value' customers. The NSW Local Government Banking and Financial Services Taskforce (1998: 12) has noted that prior to deregulation "provision of services to areas that were unprofitable or less profitable than other locations, such as small suburban centres and rural and remote locations were cross subsidised by more profitable activities in metropolitan areas". The taskforce also suggested that deregulation had introduced competition for high-value customers and that cross-subsidisation and its underlining notions of social responsibility had disappeared from the banks' corporate culture. Some commentators go further, suggesting that under the new corporate culture banks are no longer interested in servicing certain customers. Connolly and Hajaj (2001: 13) argue that one of the reasons banks have introduced fees on transaction accounts is to exclude certain types of customers by discouraging them through high prices. A CSO with Westpac remarked that: "It is all about the important customers. More than once I have seen someone come in and say, I am going to take all my money out of the account and someone has gone well they've got $200 - so have a nice day" (Interview, 4 June 2002). A CSO with the ANZ bank claimed that:

> They have a scale of priority: the ones with a lot of money with us should get the service; the ones with not much money with us do not. It is in writing. They have actually sent out circulars. We have had training on it. We have been taught to recognise that these are "high value" people and they are the ones to spend time with; the ones with poor account balances, or no money at all you don't waste your time - get rid of them (Interview, 18 March 2002).

Connolly and Hajaj (2001: 17) argue that changes in retail banking have created a divide between customer groups; they note that the pattern of branch closures has been spatially uneven, focusing on remote settlements and deprived urban areas. For many in these areas the closure of a bank branch has resulted in their financial exclusion. Connelly and Hajaj (2001: 4) define financial exclusion as:

> Lack of access to financial services by individuals or communities due to their geographic location, economic situation or any other 'anomalous' social conditions which prevents people from fully participating in the economic and social structures of mainstream communities.

While financial exclusion depends mainly on who you are, where you live is also important. Those most likely to be affected by financial exclusion are people living in regional and remote regions or depressed urban centres, low income consumers, older consumers, consumers from non-English-speaking backgrounds, consumers with disabilities, consumers with literacy difficulties, and indigenous consumers (Connelly and Hajaj 2001: 20-22).

While changes in the fee structure have had a negative impact on low-income earners in particular, the closure of branches has had a disproportionately negative impact on rural and remote areas. The House of Representatives Standing Committee (1996: 26) concluded that the consequences of branch closure on rural and remote areas was greater than in urban centres, primarily because of the distance between towns and hence branches, but also because of the important role that bank branches have traditionally played in the fabric of life in country towns. As a FSU official remarked: “Traditionally in small towns bank managers have been important authority figures, so when the branch goes there can be a leadership void” (Interview, 27 May 2002). Beal and Ralston (1997) report that the consequences of the closure of a bank branch in rural and remote centres are three-fold. Firstly, there is a financial drain from the town, as people are forced to travel to larger centres to do their banking and shopping. Secondly, there is a loss of financial investment. Thirdly, the town experiences a loss of confidence.

One group of customers affected particularly badly by branch closures in urban, rural and remote areas are small business traders. The impact is even greater in those suburbs where only a basic shopping centre exists. Connolly and Hajaj (2002: 27) observe that:

> Those shopping centres tend to cater for staples and may also include a few other specialised shops and small businesses. The closure of the local bank branch has facilitated a consumer migration to centres where all their traditional shopping and banking needs are catered for. This leaves the remaining small businesses in a difficult position and in many cases can lead to their closure.

With an average of 359 branch closures a year between 1997 and 2001, the impact on small business has been profound. In addition to this reduced access to bank branch facilities, small business now pay more than $2.5 billion each year in bank fees, and this amount increases by around 13 per cent a year (Connolly and Hajaj 2002: 5).

Although deregulation of the industry was intended to increase product market competition, the four major banks dominate the small business banking market. These banks have between 80 and 90 per cent of the small business deposits and lending assets in each State, with credit unions and building societies having approximately four per cent, and second tier banks and finance companies holding the remaining share (Connolly and Hajaj 2002: 12). Moreover, the ‘big four’ provide very similar basic small business bank accounts, and there is no evidence of competition on price between them (*ibid*).

A Yellow Pages Small Business Index survey found that around one-third of small businesses were dissatisfied with the service of their main financial institution and levels of small business customer dissatisfaction are increasing. In August 1993, 22 per cent of small business customers indicated that were “unhappy with the service offered by their main financial institution”; by August 1999 this had increased to 32 per cent. The survey found that poor service, driven in part by rationalisation and the proliferation of fees, has adversely affected small businesses' attitude to their financial provider: 42 per cent of survey respondents nominated "poor or no service" as the reason for their unhappiness (1999: 7). Less than half (45 per cent) of the small businesses surveyed believed that their main financial institution "cared about them as a customer" (1999: 10).

While the major banks still dominate this segment of the market, small business dissatisfaction and the difficulties experienced by some small businesses in accessing a local bank branch have opened up opportunities for other retail banking providers. Bendigo Bank community banks, in particular, have been successful in tapping into this segment of the retail banking market.[17]

In some cases bank management has responded in some cases by drawing on customer discourses of dissatisfaction with a view to neutralising this dissatisfaction. For example, in 2001 Westpac used the discourse of customer dissatisfaction to present its 'achievements' in its Annual Report. The CEO's review began with the statement, "People don't like banks", and it used common customer statements of dissatisfaction as headings. In the report, the headings reflected the concerns of customers outlined in this chapter: branch closures, decreasing service levels, increased fees, and customer segmentation. They were: "Where did the bank go?", "Is anyone listening?", "Where's the value for money?", and, "Are too few people benefiting?" (Westpac Annual Report 2001). This use of customer 'discourses of dissatisfaction' highlights the important role of text and talk in the retail banking industry. It illustrates how concepts of 'customer service' and indeed of 'customers' themselves can be constructed and projected discursively.

Rather than retail banks simply servicing 'sovereign customers' there are a range of 'customers', both tangible and discursive, operating within retail banks. The identity of the customer (as transactor, profit-maker, client, cyber-surfer) changes depending on the features of the customer (most notably their worth, real or potential to the bank) and who the customer is interacting with – other customers, machines, retail bank workers, call centre operators or management.

[17] Their particular approach is examined in detail in Chapters Eight and Nine.

4.5 Employment Relations and Employee Dissatisfaction in Retail Banking

These changes in customer relations discourse and strategy have had a significant impact on employment relations in the major retail banks. In the period September 1999 to March 2000 alone full-time jobs in the four major banks declined by almost three per cent - from 139,352 to 135,319. Table 4.4 provides a breakdown in job losses for each of the banks.

Table 4.4

Full-Time Staff Employed in the Four Major Retail Banks, 1999-2000

Financial Institution	Full-time Equivalent Staff 30/9/1999	Full-time Equivalent Staff 30/3/2000	Change
ANZ	30,171	28,940	-1,231
CBA	28,964	28,734	-230
NAB	46,643	44,799	-1,844
Westpac	31,731	30,712	-1,019
TOTAL	137,509	133,185	-4,324

Source: *Financial Review* 10 May 2000.

These job losses were in line with job losses over the previous decade. Between 1990 and 1999 the finance industry (principally the banks) shed over 24 per cent of its workforce, a total of 54,600 jobs (Probert *et al* 2000: 11). Many of these job losses occurred at the branch level. According to Mel Gatfield, Assistant New South Wales Branch Secretary with the FSU:

> The work has changed drastically. The work has been centralised. In each branch there used to be a loans officer who would be assisting the manager. There used to be a manager's assistant. Those jobs have gone (Interview, 30 July 2001).

These full-time positions have been replaced to some extent by part-time positions. This is particularly the case in retail branch employment. According to the FSU: "A typical employment profile in a retail branch is now one full-timer, several part-timers and on-call casuals" (FSU 1999: 2). One Westpac manager explained the move to part-time employment in the following terms: "[We're] managing the resources against the demand, so we put more part-time people on between 10am to

2pm" (Interview 20 June 2002). In 1999 over one quarter of employees working for the six major retail banks (ANZ, CBA, NAB, Westpac, Colonial and St George) worked part-time work (Probert *et al* 2000: 17). Of the women employed by these institutions, 40.3 per cent worked part-time compared with only 2.6 per cent of the male workforce (*ibid)*. The proportion of women working part-time in retail banking is similar to the proportion of women in the Australian labour force working part-time. In 2000-1, the proportion of women in the Australian labour force who worked part-time was 45.2 per cent in 1998 (ABS 6302.0: 2003).

Junor (1998) contends that part-time work provides the banking industry with a pool of cheap, mostly female labour, with a high level of significant but undervalued skills relevant to the service sector. The majority of the part-time employees in retail banking are employed on a permanent basis with only 0.3 per cent being employed on a casual basis and another 0.3 per cent on fixed term contracts (Probert *et al* 2000: 17)[18]. However, in this industry, as elsewhere the boundaries, between part-time work and casual employment have become blurred. The *Australian Workplace Relations Act (1996)* gave employers' far greater scope to vary hours for part-time workers, since maximum/minimum hours of part-time employment were defined as no longer being 'allowable matters' under Federal Awards (Probert *et al* 2000: 13). As Venn and Smith (1999: 125) observe, firms in the finance sector are increasing their numerical flexibility with an enlarged peripheral workforce made up of part-time positions.

It is women who predominately fill the part-time positions in the industry, and who are more likely to be recruited into the personal or retail banking areas, whereas men are more likely to be found in the higher status business banking area (Buttigieg and Walsh 2000: 351). This concentration of female employees at the lower levels means that there are proportionately more women employed at the branch level. So, women find themselves not only at the bottom of the organisational hierarchy but also relegated to the organisational periphery in the branches. Still (1997: 61) argued that women were being channelled into branches because of the increasing importance of

[18] Retail banks may avoid employing staff on a casual basis because casual workers typically have to be paid a loading to compensate for forgone benefits. Harley and Whitehouse (2001: 37) report that "these vary between awards and agreements, but in 1995 were commonly around 20 per cent".

the sales role. Her study of eighteen financial institutions found that management held the view that women were "good at sales". However, the women interviewed by Still perceived the sales role and branch management as being essentially "dead-end". They suggested that the branch had become "a woman's preserve or ghetto" (Still 1997: 62). An ANZ Branch Manager explained how the gender segregation in the branches increased in the early 1990s when branch managers' autonomy was withdrawn:

> During that restructure in 1990-91 males did not want to be in that role anymore because that authority had been taken out of their role. So a lot of the business lending went to central areas so the men just went there. All the business managers and relationship managers who worked out of the centres who only dealt with lending customers rather than the mass market thing you have in branch network, they were all men and all these women were managers of the branch network (Interview, 18 March 2002).

The majority of retail bank workers in the four largest banks are employed under Federal certified enterprise agreements negotiated between the banks and the FSU. More recently there has also been a further decentralisation of the bargaining to business unit or site level (Kitay 2003: 148). As well, many managerial and some non-managerial employees are covered by individual employment arrangements. The CBA was the first bank to introduce Australian Workplace Agreements (AWAs) into the industry in 1998. In 2000 it tried unsuccessfully to transfer all its employees onto AWAs.[19] In 2001 ANZ offered individual contracts to 4,500 middle managers (including bank branch managers). According to ANZ management, as at March 2002, 90 per cent of these managers had signed these contracts that linked remuneration to performance based targets (Interview ANZ Branch Manager, 18 March 2002).

CSOs in branches are amongst the lowest paid employees in retail banking. A recent study commissioned by the Labor Council of NSW highlights the disparity between wages paid to CSOs and CEOs of the four major banks. The study reports that "while the overall ratio of average weekly earning to executive pay for 2002 was 74: 1, in the banking sector the comparable ratio of CEO pay across the four biggest banks to that of customer service staff was 188: 1" (Shields, O'Donnell and O'Brien

[19] The reasons for its failure are outlined in Chapter Five.

2003). Table 4.5 below provides salary levels for Grade 1 CSOs in the four major banks and contrasts this with the salary package of the CEOs of these banks.

Table 4.5

Comparison of CSO and CEO Remuneration in the Four Major Retail Banks 2000

Banking Institution	CSO Grade 1	CEO	Ratio (CEO: CSO)
ANZ	$29,836	$5.8 million	187: 1
CBA	$29,001	$8.9 million	307: 1
NAB	$32,430	$2.6 million	81: 1
Westpac	$32,430	$6.1 million	191: 1

Source: Table compiled from information in Shields *et al* 2003.

There is evidence that the wider the size of the pay differential between lower-level employees and senior managers, the greater the degree of lower-level dissonance and the lower the level of employee commitment, co-operation, effort, and attention to quality (Byrne and Bongiorno 1997, Cowherd and Levine 1992).

Probert *et al's* extensive study of employee attitudes in the finance industry[20], pointed to other sources of dissatisfaction on the part of retail bank employees. They identified performance pressure (29.2 per cent) and unreasonable targets (25.6 per cent) as retail bank workers' greatest sources of dissatisfaction (Probert *et al* 2000: 20). Sales targets were introduced into the retail banking industry as part of a shift in banking business strategy from a focus on service to sales. This shift in business strategy was accompanied by a shift in the nature of the psychological contract from a 'relational contract' to a 'transactional contract' (Rousseau 1998). O'Donnell and Shields (2002: 440) outline the practical implications of this shift:

> Relational contracts are long-term, entailing considerable investment by both parties in training and development, a high degree of mutual interdependence, and involve rewards that are not explicitly performance contingent. Transactional contracts, by contrast focus on short-term monetized exchange, where rewards are explicitly tied to individual performance and (there is) low membership commitment by employees.

[20] Probert *et al's* study was commissioned by the FSU and involved a national survey of 11,000 members of the FSU, and 1,800 non-unionists in three finance sector enterprises. A total of 7,293 responses were returned, giving an overall response rate of 32 per cent.

Under a transactional approach workers are not only expected to adopt a more instrumental approach in their interactions with customers, but the way that they are rewarded and management commitment to them can also become much more instrumental, with a particular focus on linking performance to reward. In the case of the major retail banks, whereas, once the psychological contract offered to workers centred around principles such as 'a fair day's work for a fair day's pay' and was underpinned by concepts of seniority, loyalty and job security, today's workers are offered a more 'transactional contract', with an emphasis on performance related rewards and flexibility, both functional and temporal.

One of the consequences of these changes to the nature of the employment relationship in the major retail banks has been a significant increase in working hours for many employees:

> Employment in this sector is characterised by very long average hours of work, both for full-timers and many part-timers, managers and clerical or sales staff. Not only is paid overtime widespread, but so are high levels of unpaid overtime, worked not only by full-time employees and managers, but also by clerical and sales workers and part-time employees (Probert *et al* 2000: 47).

An ANZ branch manager explained that the problem of long hours can be linked in part to understaffing. She believed that the banks are not providing adequate staffing levels in their branches because they are not taking into account the emotional labour component of service work. As the Branch Manager commented: "They understaffed us because they can't measure those human factors. They can't measure the woman who comes in here and her husband has just died; she has no idea about the money." (Interview 18 March 2002).

Cath Noye, Assistant Secretary of the Victorian/Tasmanian Branch of the FSU, remarked that a strong commitment to customer service underlines retail bank employees' willingness to work long hours, often without extra pay. She suggests that "they will work unpaid overtime rather than leave their customer sitting there, because they feel that responsibility for the customer" (Interview, 28 May 2002). Probert *et al's* (2000: 19) study confirms that bank workers place great importance on, and gain a degree of satisfaction from, the customer service component of their work. Their survey found that:

> Almost half (49.1) per cent of all employees working for the major financial institutions[21] stated that customer service was the thing they liked most about their job. For part-timers, this was overwhelmingly the most important source of job satisfaction (cited by almost 57 per cent of part timers).

CSOs are indicating that unreasonable targets and pressure to perform inhibit their ability to provide the level of customer service they believe is important. As an ANZ CSO lamented: “I get satisfaction from customers [but] because you are so short of time it is a bit like a treadmill. You think go get on with the next thing and there is a real clash between your personal standards and what you have to do to get the job done” (Interview, 18 March, 2003).

There is evidence of a pronounced mismatch between retail-bank workers’ own ethic of customer service and senior management expectations about the level and type of service that should be provided. As one Branch Manager remarked:

> [The] interaction that they have with this person on the other side of the counter is important. It is important for that person and you do get a confusion in your head about what is real and what is not and the way the bank perceives how that interaction should occur and how it really does occur (Interview, 18 March 2002).

This conflict in the minds (and hearts) of the front-line service workers is a result of their “preference for a relationship of empathy and identification, rather than instrumentalism, with customers” (Korczynski 2002: 116).

It appears then, that there are a range of conflicts, both internal and external, being played out in retail banking around what constitutes ‘good customer service’. There is the conflict between managements’ customer relations strategy and workers’ personal values. As we have seen, there also appears to be a disparity between customer expectations of customer service and what constitutes ‘good customer service’ in the minds of senior bank management. There is a misalignment between the kind of service customers expect, the level of service workers want to deliver and the concept of customer service offered by the bank management. This has contributed in large part to the very high levels of customer and worker dissatisfaction identified earlier in this chapter.

[21] ANZ, CBA, NAB, Westpac, St George and Colonial (now merged into the CBA).

4.6 Conclusion

Changing customer needs, technological innovation and, most importantly, changes in the regulations governing banks have transformed the way that retail banking services are delivered in Australia. The introduction of a range of self-service options has meant the closure of a large number of branches and significant job losses within the industry. At the same time the banks have increased fees on banking services. While offering greater levels of convenience for customers, these changes have resulted in increased levels of customer dissatisfaction. This dissatisfaction is in large part because of the gap in the notions of customer service offered by the large retail banks and the concept of customer service held to by customers.

It is argued that what it means to be a 'customer' and concepts of 'customer service' have undergone significant change in the past two decades in the Australian retail banking industry. Concepts of 'customer service' now centre on notions of service via machine or in cyberspace, rather than a person. Yet there is evidence of a desire, preference and even need amongst some customers for service that involves face-to-face interaction between customer and worker. Except in relation to 'high value' customers, the concept of customer service offered by the large retail banks rarely if ever acknowledges this aspect of customer service.

Rather than seeking to cater uniformly to the needs of the 'sovereign customer' the large retail banks offer varying levels of customer service to different customers. There is an increasing emphasis in retail banking on segmentation of the customer base, with concepts of customer service changing depending on the status of the customer. The level of service on offer differs depending on the degree of wealth the customer brings (or has the potential to bring) to the bank. Somewhat ironically, the banks use a strategy called 'relationship marketing' to segment their customer base. For some customers, the strategy of 'relationship marketing' results in a discourse and practice of exclusion.

Banks have used fees and branch closures to reduce costs and 'encourage' customers to take up electronic, phone, and internet banking service options. This has shifted some of the labour process onto the customer and, in effect, they have become a 'co-producer' of the retail banking service. It has also led to substantial job losses within the industry and significantly changed the role of workers in the remaining branches. Their role has shifted from transaction processing with a focus on customer service, to selling, with an emphasis on meeting and beating sales targets. There is evidence that both customers and workers resent the more instrumental approach to customers that sales work embodies. These new sales roles and the increasing use of part-time employees has resulted in limited career opportunities for CSOs in bank branches, increased workloads and high levels of unpaid overtime. For these reasons the changing customer discourse and customer service strategies of the major retail banks have resulted in high levels of worker dissatisfaction.

This chapter has detailed the transformation of the practices and discourse of customer service within the four major banks that dominate retail banking in Australia. There are, however, other players in the industry who offer alternate discourses of the 'customer' to those of the large retail banks. One such player is the FSU, the union representing workers in the retail banking industry. The FSU has sought to conceptualise the customer in a way that incorporates the concerns of its membership by emphasising the shared concerns of both customers and workers in the large retail banks. Examining the alternative discourse of the customer offered by the FSU allows us not only to extend the insights on managerial discourse and practice presented in this chapter, but also to explore the potential and limitation of a union strategy that draws on a discourse of the customer as a friend of retail bank workers.

CHAPTER FIVE

CUSTOMERS AS ALLIES

The Finance Sector Union and Retail Bank Customers

5.1 Introduction

The previous chapter identified how branch closures, increasing fees and declining service levels have given rise to widespread public disenchantment towards the major retail banks in Australia. Not surprisingly, the FSU has sought to tap into this customer antipathy in order to highlight the needs and concerns of its members. As a result of the groundswell of customer dissatisfaction with the large retail banks, the FSU has been able to couch its concerns over branch closures and job losses in terms of what Johnston (1994: 13) has called "general interest" arguments. The union has been able to argue that branch closures and the reduction in staff numbers have reduced customer service standards in the retail banks and that this is not in the "public good". In order to capitalise on this customer dissatisfaction and incorporate customers into its campaigns, the FSU has implemented strategies that range from "appeals for solidarity from customers, through to more ambitious attempts to construct producer-consumer coalitions" (Heery 1993: 288).

In its communications to members, and with the public, the FSU has constantly stressed the link between customer concerns and concerns of its members. The language employed by the union is one of 'customers and workers together'. For example, in a call to FSU members to stop work on 13 December 2001, Tony Beck, FSU National Secretary, declared that "staff and customers have many of the same concerns, so when you stop work this month, you'll actually be making a stand for both your workmates and your customers" (FSU 2001a). Since customers and front-line service workers are both directly affected by changes in management strategy and practice, presenting union activity as not only an anti-management stance but also as a pro-customer stance, stands to appeal to both parties.

Surveys conducted by the FSU and Australia's peak consumer group, the ACA, indicate that customers and workers share a range of concerns about changes in the retail banking industry. FSU membership surveys undertaken in 1995 and 1996 indicated that members' greatest concerns related to branch closures, lack of consultation regarding workplace change, decreasing staffing levels, bank mergers, and the effect of workplace change on consumers (FSU 1997: 4). Other surveys indicated similar concerns amongst bank customers. For instance, a survey of ACA members, conducted in 2000, found that bank customers were particularly concerned about poor customer service, long queues, decreasing branch locations, and increasing fees and charges (ACA 2000b). These shared concerns presented the FSU with a new set of strategic possibilities. An internal union strategy document produced in 2000 set out the key message FSU officers were to deliver to the media, namely that: “Staff and customers deserve better. Staffing levels have a direct impact on customer service and that the public is supportive of our campaigns” (FSU 2000). This same message was disseminated to FSU members. In a number of newsletter communications to members, National Secretary, Tony Beck, is quoted as saying: “Customers tell me everyday how much they support you and how they are appalled by the banks’ greedy cutbacks” (FSU 2001a).

While traditional industrial campaigns have remained the FSU’s main approach, the use of customer-focused initiatives indicates a preparedness on the union’s part to broaden its outlook and extend its campaigning into the public domain. However, as we shall see, this broader based campaigning is not unproblematic. Even seemingly straightforward appeals to ‘customers’ for support are fraught with difficulty, while the FSU’s attempts to construct the customer as ‘the workers’ friend’ have under-estimated the complexity of the worker-customer relationship. Moreover, as the following analysis reveals, the involvement of consumer groups in the FSU’s corporate and political campaigns has been limited and piecemeal. Examining these strategies highlights the constraints under which both the FSU and consumer groups operate and offers some insights into the potential of worker-customer alliances to bring about change.

In seeking to build its community alliances and in planning its strategic campaigns the FSU has drawn on the experiences of both Australian and United States (US) unions. Setting the FSU’s approach in the context of the American experience and that of other unions enables a better understanding of the direction the FSU has taken in its campaigning and facilitates a detailed comparative evaluation of these campaigns.

5.2 Finance Sector Union Structure, Governance and Union Membership

The FSU was formed in July 1991 when the two main unions in the banking and insurance industries, the Australian Bank Employees' Union (ABEU) and the Australian Insurance Employees’ Union (AIEU), voted to amalgamate and create the FSU, making it the fifth largest union in Australia. Three smaller unions also amalgamated at this time: the AMP Society Staff Association, the Trustee Companies Officers’ Association, and the Wool Brokers’ Staff Association. In March 1994, the union representing workers in the CBA, the Commonwealth Bank Officers’ Section (CBOS), joined with the FSU. By the mid 1990s, the FSU also had coverage over employees in credit unions and regional banks who had previously been represented by the Federated Clerks Union (Kitay 1997: 111).

The financial services sector incorporates people employed in banking, insurance, superannuation, mortgage broking, foreign exchange and woolbroking. The majority of the FSU members are employed in the large retail banks, with the Commonwealth Bank having the highest rate of unionisation at 54.3 per cent, followed by the NAB at 52.8 per cent, ANZ at 46.4 per cent, and Westpac at 40.1 per cent. Representation across the smaller regional banks is 46.2 per cent, and in credit unions it is 19 per cent (FSU unpublished data, 2002).

Union membership in retail banking has fallen in line with job losses in the industry. Between 1990 and 1999 the banks shed over 24 per cent of their workforce, or a total of 54,600 jobs (Probert *et al* 2000: 11). These job losses had a major impact on union membership, and during the period 1991 to 2000, the FSU lost 66,900 members, or 47.6 per cent of its membership (Cooper 2002: 106). The decline in its traditional member base presented the FSU with two imperatives: firstly, to expand its membership base into other areas of the financial services sector, and, secondly, to minimise the impact of branch closures and job losses on its members working in retail banking. The following section examines the nature of some of the strategies developed in response to this second imperative.

5.3 The FSU and Non-Labour Coalitions

The FSU's attempts to form alliances with consumer groups drew directly on the US model of 'community unionism'. 'Community unionism' is characterised by the formation of coalitions between unions and non-labour groups in order to achieve common goals (Tufts 1998: 228). Interest in 'community-union' alliances began in the US in the 1970s as a result of "the deteriorating bargaining situation, membership decline, and the lack of community support in industrial campaigns" (Thornthwaite 1997: 246). Throughout the 1980s and 1990s in the US 'community alliances' were an important component of virtually all campaigns (Brecher and Costello 1990: 330). These alliances assumed a variety of forms: some alliances were formed over one-off issues such as strike support; others involved informal networks convened to deal with problems as they arose; and still others resulted in the development of more sophisticated member organisations with paid staff and officials *(ibid).*

As Moody (1990: 222) has observed, 'community' is a vague concept and just who constitutes 'the community' can differ from campaign to campaign. Indeed finding a precise definition of 'community' has been a perennial problem for historians, sociologists, and other scholars (Patmore 1997: 247). 'Community' can refer, for instance, to people in a particular locality, to a subjective feeling of belonging with a group of people, or to a cohesive social structure (Thornthwaite 1997: 247). Given that 'community' can mean so many different things, it is not surprising that 'the community' in 'community-union' alliances is often imprecisely defined and ambiguous. In some 'community-union' alliances, 'the community' may be formalised consumer groups that are usually multi-class in nature and frequently middle class or professional in leadership (Moody 1990: 222). There are, however, other cases where 'the community' is an informal group of interested individuals who share a particular connection to the workers, such as workers' own families (Mezinec 2002). In some instances when unions talk about 'community' they simply mean the public at large (Lipsig-Mumme 2003: 2).

Despite its many forms and the diverse range of players involved, the most distinctive aspect of 'community unionism' is an overall strategic realisation that campaigns must be waged in the court of public opinion (Banks 1992). The FSU has recognised the importance of gaining public support and it is this that has led to the involvement of consumer and social justice groups in the FSU's corporate and political campaigns.

Since the mid 1990s the FSU has worked to create coalitions with consumer and social justice groups in order to achieve the common goal of greater accountability by bank management and re-regulation of retail banking. Through its corporate campaigns the FSU has sought to mobilise workers and customers to influence management and through political campaigning has agitated for re-regulation of the industry as a way to force banks to recognise their wider social obligations.[22] The Director of the Financial Services Consumer Policy Centre (FSCPC), Chris Connolly, recalled how alliances between the FSU and a range of non-labour groups began in 1995-6:

> When Westpac merged with the Bank of Melbourne and the push was on to maintain the four pillars policy some strange alliances began between the ACA, Combined Pensioners and Superannuants, the Local Government Association, the National Farmers Federation, our organisation and the FSU (Interview, 28 October 2002).

The FSU has also sought to create an on-going coalition with these groups and other non-labour groups including the State Affiliates of the Combined Pensioners and Superannuants' Association,[23] the Consumer Credit Legal Centre, the Ethnic Community Council, the Brotherhood of St Laurence, Jesuit Social Services, Community Aid Abroad, and Oxfam. In these ways, the union has sought to establish a broad-based coalition of support that draws in people who are interested from a policy perspective in the regulation of the finance sector, people who are interested in terms of their local community and branch closures, and people who might be interested from a social justice perspective. Carol Webb, the FSU's National Training

[22] The demand for re-regulation is based in part on US legislation, namely, the *Consumer Reinvestment Act (CRA)(1977*). The aim of the Act is to encourage financial institutions to meet the credit and service needs of the entire community (Caddie 2000: 1). The CRA contains three key tests: the lending test, the investment test and the service test. The CRA is administered by the Office of the Controller of the Currency, which provides regulator evaluations of individual banks' actions to comply with the CRA against the three tests (Connolly 2001: 31).

[23] The Federation is the peak body with a membership drawn from a range of organisations in each State. In NSW the State organisation that has joined in the FSU's campaigns is the Combined Pensioners and Superannuants Association. The organisation was formed by a group of older people in response to pension cuts in 1931. Today it has over 8,000 full members, 3,000 affiliated members, and over 120 branches in NSW. Its membership is open to pensioners and low income superannuants. Only those superannuants with assets up to 15 per cent above the assets test line are eligible to join.

Co-ordinator, remarked that “from my experience in the US, in order to form a strong coalition, you need to campaign from a social justice perspective. Just appealing to people’s sense of self interest is actually not good enough” (Interview, 27 May 2002). In essence, the aim is to create a social justice springboard from which a campaign can be launched and which helps to tie together all the separate interests that the different groups in the alliance bring to the campaign.

5.4 The Role of the Customer in the FSU’s Corporate Campaigns

A strategy being employed with greater frequency by community-labour alliances in the US is that of corporate campaigning. Slaughter (1990: 49) explains that “corporate campaigns take advantage of the fact that no corporation stands alone but is a coalition of individual and institutional interest that can be challenged, attacked, divided, and conquered”. In Australia, the Construction, Forestry, Mining and Energy Union (CFMEU) has had a degree of success with this kind of campaigning. The shareholder campaign which it ran against the mining company, Rio Tinto involved targeting ”the relationship between the Board of Directors and their largest shareholders, creating difficulties and additional work for the Directors and therefore (hopefully) creating a major incentive for them to deal with unions” (Fowler 2001: 5). The CFMEU raised two shareholder resolutions at Rio Tinto’s 2000 Annual General Meeting (AGM), one relating to corporate governance and the other to social justice. The first resolution received 20.3 per cent of voter support at the meeting and the second 17.3 per cent. Fowler (2001: 5) notes that “this was a considerable success, and appears to have shaken the Board. Since that time key executives have talked of the need to achieve peace with unions, and there has been an enterprise agreement reached in Australia”.

The key objective of corporate campaigning is to place pressure on companies at the level of the Board. The FSU’s corporate campaigns are based on the CFMEU model and it uses CFMEU training materials to train delegates in corporate campaigning. The FSU has asked consumer groups to support these campaigns by calling on members to sign over proxies and by sending representatives of their organisations along to the AGMs to speak in support of bank workers.

The first FSU shareholder campaign took place in the lead up to the CBA’s AGM in October 2000. Tens of thousands of leaflets were distributed to morning commuters in the major capital cities urging them to support the campaign. The FSU received proxies for a total of four million shares, worth $114 million. The proxies were used to put questions from the floor concerning branch closures, job losses, and management's attempts to introduce individual contracts across the organisation. The ACA, FSCPC, Australian Pensioners and Superannuants' Federation, Jesuit Social Services, and other unions supported a rally before the AGM.

Shareholder campaigns were also conducted against the other three big banks (ANZ, Westpac, and NAB) at their AGMs in December 2001. Advertisements were placed in the major metropolitan daily newspapers under the banner, "If you think bank bosses are poxy, lend us your proxy!". Unlike the CBA campaign of the previous year, the newspaper advertisements did not generate the kind of response the union had hoped for and it had to look to its member base (that is, workers who were also shareholders) to sign over their proxies in order to gather enough proxies to raise a resolution at the AGM.[24] The union was seeking to raise a shareholder resolution calling on the banks to maximise long-term profitability by addressing community concerns. The banks refused to list the resolution on their AGM agenda, with each suggesting that the resolutions were not technically valid (Lewis 2001). Despite this setback some FSU officials saw the shareholder campaigns as being successful primarily because of the level of customer support generated. As the FSU's National Training Co-ordinator, Carol Webb, remarked:

> At the AGM we introduced the consumer and community groups that came along and explained that they cared about worker issues. Members were just rapt that they were there. It was such a sign of solidarity to these workers that someone cared about them (Interview, 27 May 2002).

However, Chris Connolly, from FSCPC, was less sanguine about the shareholder campaigns. He argued that: "You aren't able to achieve anything because the main shareholders are other banks and fund managers. Sure you get an angry AGM but little more. In fact you end up looking weaker than you did before the campaign" (Interview, 28 October 2002). Connolly was pointing to a key component of successful corporate campaigns, that is, they must have the capacity to affect the bottom line. As Slaughter (1990: 55) argued:

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[24] The FSU estimates that over 40,000 union members own upwards of 20 million shares in the major banks. They have identified tapping into this employee shareholder power as the next stage in their corporate campaigning.

> A corporate campaign allows the union to garner large amounts of publicity and to be seen by the community as the side taking the moral high ground, two components of victory that are often lacking in traditional labor struggles. But the muscle of economic pressure - whether it comes from the company's erstwhile allies or from lost production – must come into play, and quickly enough to make a difference.

While the FSU's corporate campaigns attracted a degree of publicity, it is very unlikely that they were ever going to impact on the large retail bank's operating profits. Despite the FSU building on the model developed by the CFMEU in attempting to raise shareholder resolutions at the AGMs, an important distinction can be made between the two campaigns. In the CFMEU case, the union was able to garner international support, as evidenced by co-ordinated demonstrations, strikes and solidarity actions which took place in Australia, Brazil, Canada, Chile, Columbia, Indonesia, Namibia, Pakistan, South Africa, Thailand and the United States. This widespread level of industrial unrest had the potential to significantly affect the company's bottom-line and created a major incentive for the company to deal with the unions (Fowler 2001: 6). Arguably, because of the domestic nature of retail banking activity, all the FSU could hope to do through their corporate campaigns was to embarrass the banks at the AGMs and given the already extremely poor reputation of the major banks such a strategy was unlikely to have a significant impact.

5.5 The Role of the Customer in the FSU's Political Campaigns

The involvement of consumer groups in the FSU's political campaigns peaked during 2001 in the run-up to the Federal election. During this time the FSU worked closely with the ACA, the FSCPC, the Australian Pensioners and Superannuants' Federation, and the Consumer Credit Legal Centre to develop a Social Charter for the banking industry. The Social Charter called for government regulation to ensure formal processes around branch closures, the establishment of community consultative committees within banks, broader disclosure of community activities by the banks, the provision of low-fee bank accounts, full fee disclosure, and maintenance of adequate staffing levels and service standards. In this way the Social Charter addressed the concerns of both retail bank workers and customers. It was effectively a call to "civilise and humanise production and consumption simultaneously" (Korczynski 2002: 188).

It was incumbent on the proponents of the Social Charter to demonstrate that they had wide community support for such an initiative. Signatures of support were collected on the FSU's 'Save Our Services (SOS) Ambulance Tour'. Union officials, dressed in medical garb and driving a decommissioned ambulance decorated with slogans, travelled over 17,000 kms and visited 114 towns in New South Wales (NSW), the Australian Capital Territory (ACT), Victoria, Tasmania, Queensland and South Australia. The FSU 'roadshow' highlighted 'the state of emergency' in the banking sub-sector and asked local communities to support their call for the Social Charter by signing the petition. In essence, the ambulance campaign signified an attempt to take the issues out into city suburbs and rural townships and represented a realisation by the union that "there are several mediums for the translation of trade union traditions across spaces and sectors other than the workplace" (Tufts 1998: 245).

In this case, though, bank customers and local residents had only a very limited involvement in this campaign. Typically, the ambulance team arrived in town, attracted the attention of the local press, put the FSU's case, collected signatures, and left. Indeed, the organisers rarely made effective links with their own union representatives before arriving in town. Cath Noye explained how this had some negative consequences for workers in the banks:

> We would go into town, we would set up and we would do press interviews. The bad part of that is, unfortunately, because the public had nowhere to go with their complaints they took them to the local bank and abused the staff. So it actually turned a lot of community anger against the staff. And I think that hurt us badly (Interview, 28 May 2002).

FSU officials subsequently acknowledge that involving both local bank customers and local bank staff in the campaign would have helped to better highlight the difficult position faced by workers in the banks and allowed the local residents to see the bank workers as fellow citizens and not part of the problem.

Ironically, the FSU sought to run their 'grassroots' campaign from the top-down. As Russo and Corbin (1999) argue, community-union alliances will struggle to be successful when the dominant union model is that of business unionism that relies heavily on a hierarchical leadership and service structure, because community-union alliances rely on grassroots organising and local empowerment strategies.

By the end of the SOS Tour, signatures had been collected from 35,000 people and these were presented to the Leader of the Opposition, Mr Kim Beazley, on 8 January 2001 by representatives of the FSU, Australian Pensioners and Superannuants Federation, and the ACA (Caddie 2001). The Social Charter was announced as Australian Labor Party policy on 26 March, 2001 and gained the support of the Greens and Democrats. In the lead up to the 2001 Federal election, banking was polling as the third most important issue in voters' minds. However, events around immigration and 'border protection' subsequently emerged as the dominant election issues, completely overshadowing the banking issue.

Following the election, the FSU's Social Charter campaign received a fillip when a review of the banking code of practice commissioned by the ABA itself was highly critical of banking practice. The review recommended sweeping changes to the Code of Banking Practice and took both banking industry and consumer groups by surprise in the scope of the issues raised by the independent consultant, Mr Richard Viney (Nixon 2001).[25]

In light of these internal criticisms, the banks had little choice but to announce changes to their practices. In March 2001, the ABA announced a 'safety net plan' offering "five million disadvantaged customers low-fee accounts and offering to restore face-to-face banking in rural areas" (Hughes, O'Loughlin and Wade 2001). The banks announced a new policy on branch closures including extending the notice period for rural closures from six weeks to three months. The ABA also announced that in April 2001 they would lodge a plan of action with HREOC to improve accessibility to electronic services.

Three of the four major retail banks also responded by introducing a degree of self-regulation. This self-regulation has led to some benefits for low-income customers. In July 2001 Westpac launched its Customer Service Charter which, according to Westpac Group Executive, Ann Sherry, "provides the community with information on the way in which Westpac plans to deliver a better outcome for its customers" (Bland 2001). In September of the same year the ANZ launched its Customer Charter. The Charter sets out clear benchmarks for the provision of service

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[25] The report was particularly critical of the administration of the code, which relies on banks assessing their own compliance. and recommended "that an independent organisation should monitor compliance, with the help of phantom shoppers to check on the banks" (Nixon 2001). This would see customers being be used as a surveillance tool by government agencies.

to customers including commitments on access to services, personal information and an improved complaint resolution process. The NAB held a consultation forum chaired by social justice campaigner, Reverend Tim Costello, in May 2001 and this led to the introduction of a basic (fee free) bank account for low income customers (Bland 2001).

These initiatives drew criticism from consumer groups and were seen as being too little too late. Further, the momentum generated by the FSU’s campaigns and the banking review has not been maintained. In the financial year 2001-2 the ANZ closed a further 27 branches, the NAB 55 branches, and the CBA 45 more branches. Only Westpac reversed their approach by opening 14 new branches (Hughes 2003: 3).

Since the re-election of the Coalition government in March 2001, the involvement of consumer groups in the FSU’s campaigns has fallen away. Chris Connolly argues that the commitment of the consumer groups is hard to maintain because campaigns are “hard to run in the current political climate where the government is not concerned with the needs of bank customers and staff” (Interview, 28 October, 2002). In addition, becoming involved with the FSU can be difficult because the groups have very limited resources and may not be able to afford the time or finances to commit to assisting the FSU in its campaigns. Chris Connelly commented that it has become impossible for consumer groups to make permanent and ongoing alliances because of limited funding. All consumer groups had their funding taken away in 1996 by the Federal Liberal-National Party government. Given their limited resources, these organisations will need to see the clear benefit in the alliance for their organisation.

While the long-term aim of the FSU is to form a permanent alliance with consumer groups, some of the groups involved in the alliances with the FSU tend to view any alliance as a ‘one-off’. They prefer to come together with the FSU around a particular issue, work together on that campaign, and then withdraw. As Megan Lee from the Combined Pensioners and Superannuants’ Association[26] asserted: "We don’t

[26] While the Combined Pensioners and Superannuants was known as a peak consumer organisation representing the interests of pensioners and superannuants in NSW they no longer want to be identified as a consumer group. As Megan Lee explained: “The literature we put out now doesn’t use the word consumer. The use of the word actually narrows down a person … it represents people more than just consumers. We have become much more careful about the use of that word and we do our best to delete it, as far as possible, from our literature” (Interview, 18 October 2002).

form a permanent alliance. It will be an alliance around a specific issue" (Interview, 18 October 2002). In part, this is because of their limited resources and in the case of the ACA a desire to remain 'apolitical'. Louise Petschler, ACA Policy Officer, explained: "ACA has to be careful in making alliances as we are a non-party-political organisation" (Interview, 8 March 2001). This sets limits on them forming a true alliance with the FSU. As Mel Gatfield, Assistant Branch Secretary of the NSW/ACT Branch, explained: "We have a relationship with the ACA but they are very, very independent. We talk to each other but I wouldn't say they are in a coalition with us" (Interview 10 August 2001).

The potential of these alliances has also been limited by constraints on the FSU itself. Ongoing job losses and declining membership have diminished the union's resources. More recently the involvement of consumer groups in the FSU campaigning has been limited to small rallies around branch closures. As Natalie Daprian, Membership Services Officer with the FSU, lamented: "We haven't run a campaign that involved working with consumer and community groups for a while because people are flat our trying to save people's jobs" (Interview, 27 May 2002). This focus on the redundancy concerns of its membership means that the more innovative approaches involved in customer and community campaigning have now become less of a priority for the FSU.

5.6 The Contrary Customer

Insufficient time and resources are not the only constraints on the FSU's customer-focused campaigns. Its attempts to create alliances with the retail bank customers have been constrained by the complexity of worker relations and customer relations in the major retail banks. The discourse of 'customers as allies' and claims of customer support are somewhat at odds with the high levels of customer abuse faced by bank staff. The prevalence of customer abuse was highlighted by David Morgan, CEO of Westpac, in his address to shareholders at the Bank's AGM in 2001:

> Any customer or community dissatisfaction directly affects our staff – hostile and disenchanted customers are damaging to their morale and confidence, corrosive to the most fundamental relationship in our business. I am very conscious of the injustice that is sometimes done to our staff personally (Morgan 2001).

Bank staff and customers share many of the effects and consequences of change in retail banking. Yet, retail bank staff are the public face of bank management and the only people to which dissatisfied customers can directly voice their frustration and anger. In response to the abuse directed at workers by angry customers, a CBA branch manager and FSU delegate in Sydney's western suburbs has introduced an innovative reward scheme in order to help staff cope with the abuse they face on a daily basis. As she explained: "We get some very rude customers, so I introduced an award system for my staff where you got points for the number of rude names you were called in a week. The more rude names, the more points" (Interview 14 June 2001). As Tyler and Taylor (2001: 73) note:

> Service workers without the authority to alter work routines or policies, from management point of view, provide a useful buffer zone for absorbing and diffusing the hostility of dissatisfied customers that might otherwise be directed against senior management as a whole.

Indeed, for many front-line bank workers the customer is "our friend, the enemy" (Benson 1986:6).

Curtailing an abusive worker-customer relationship needs to be an integral part of any successful service unionism (Cobble 1996: 347) and the FSU has sought to ameliorate the tensions in the relationship between retail bank workers and customers by drawing customers into its campaigns. Peter Presdee, Secretary of the Commonwealth Bank Officers' Section, NSW/ACT Branch, recalled how customer support assisted the FSU during its campaigns against attempts by CBA management to move its 20,000 staff onto AWAs. While the union was arguing against the legality of the AWAs in the Federal Court[27], lunchtime rallies were held outside prominent branches around the country. The FSU reported that "in Melbourne over fifteen hundred CBA customers signed a petition in a couple of hours protesting the bank's declining service" (Lewis 2000b). Presdee reported that the campaign received enormous support from the public and when the FSU marched down the streets after a

[27] On 28 September 2000 the Federal Court ordered the bank to stop offering AWAs. Judge Finkelstein found that "the object of the bank in making the offers (of AWAs) … was not an end in itself. This makes it necessary to decide why the offers were made. On the present state of evidence, a very likely explanation is that they were made to bring an end to the deadlock in the (enterprise bargaining) negotiations" (Way 2000: 4).

rally the public were clapping and cheering (Lewis 2000a). He explained the benefits of drawing attention to the needs of both workers and customers in campaigns:

> If we have to call a dispute the community understands, but more importantly when a person goes into a bank you are going to get the customer empathising with the staff members. So the staff member has a friend on the other side of the counter (Interview, 30 May 2001).

Yet this also presents the union with a strategic dilemma. In those instances where a close relationship between workers and customers does exist, workers may be less willing to take industrial action. This, however, can be reversed when the customer identifies closely with the issues behind the industrial action. As Mark Lynch, FSU Team Leader - Communications and Industry Policy, explained:

> I have no doubt that you would find that our members are far more loyal to customers than they are to their employers and the reason they might not want to go on strike is far more related to not wanting to let down their customers than not wanting to let down their employer. In the last action we took, I think our members got a great boost because when they talked to customers about taking action, customers encouraged them. They said, 'you take the action, you go on strike, you won't be hurting me.' (Interview, 31 May 2002).

While the level of customer dissatisfaction with banks has the potential to assist the FSU's attempts to incorporate them into its campaigning, there is also the possibility that bank management will be little affected by such union-customer alliances. The customers most likely to identify with concerns over branch closures and understaffing in branches are those operating transaction accounts and using over-the-counter services. They are the customers that bank management refer to as 'low-value' customers, and it may well serve the large retail banks' interests if these customers were to take their banking elsewhere.

Retail bank customers' consumer power is also restricted by their limited mobility as consumers. A survey by ACA in 2000 indicated that despite the obvious dissatisfaction of many of the survey respondents with the service being provided by their bank, only "22 per cent had changed their institution in the last five years, and 52 per cent had held their account for 11 years or more" (ACA 2000: 18). For this reason, retail bank customers do not have the same degree of consumer power that customers in the retail clothing sector have been able to demonstrate in the consumer campaigns run by the Textile Clothing and Footwear Union (TCFU). Through a combination of court action and direct protests at retail stores, the TCFU was able to bring clothing retailers, albeit reluctantly, under provisions regulating outwork (Weller 1999: 215). As Weller (1999: 221) argues: “The unique sensitivity of clothing markets to consumer sentiment has been crucial to changing employer attitudes, but this suggests that the consumer campaign strategy is unlikely to meet with the same degree of success in other sectors”.

Customers in retail banking may identify with the concerns of retail bank workers but this may not translate into effective alliances where customers continue to view themselves as powerless victims of the big banks. As Mark Lynch explained:

> What we really need to work out is a way to convince the customers that they aren’t powerless in this debate. Most people say, “I hate banks, but I can’t do anything about it”. If you say to them, “You don’t like what your bank is doing go somewhere else”, they say, “Well why would I do that, they are all the same and it is too much trouble to change” (Interview, 31 May 2002).

Given this apparent sense of powerlessness, customer campaigns are likely to be limited in their effectiveness. It is only where customers perceive that they have genuine alternatives that they may exercise ‘consumer sovereignty’ by withdrawing their business.

Customer-focused initiatives should also acknowledge that retail bank customers are not a homogenous group. The FSU’s customer-focused strategy failed to recognise that the banks’ strategy of customer segmentation means that not all customers will respond to their appeals for support. Not all customers have experienced the changes in retail banking in the same way: ‘high-value’ customers continue to receive high levels of personalised customer service. Further, those customers that do identify with worker concerns are also just as likely to take their frustrations out on those workers as they are to become their allies. Here, the approach taken by the Harvard Union of Clerical and Technical Workers’ (HUCTW) is especially instructive. Through its close relationship with its grass-roots members, the HUCTW understood the complexities of the customer service relationship and drew on a discourse of “the customer is always interesting”, which recognised that customers can provide both satisfaction and frustration for front-line service workers. Further, the HUCTW’s discourse ran counter to the managerial discourse of “the customer is always right” and “help[ed] workers set boundaries around their abilities to satisfy everyone, thereby creating a more equitable and mutually honest relationship with employers, supervisors and 'help-seekers' [customers]" (Eaton 1996: 323). Constructing the customer as simply an ally of bank workers overlooks the complexity of the relationship between customers and workers and fails to acknowledge that customers are capable of behaving both as a "friend and an enemy" of front-line service workers (Benson 1986: 6)

Further, the case of retail bank customers reinforces the argument put in Chapter Two that while a discourse of 'customer as ally' may be used to counter the effects of a managerial strategy that constructs 'the customer as king', the idea of 'customer as ally' itself draws on flawed notions of the sovereign customer. The FSU's notion of the 'customer as ally' was predicated on the assumption that customers are 'free to choose'. Yet as this chapter and the previous have shown, retail bank customer have very limited choices.

5.7 Conclusion

The FSU has incorporated the notion of the supportive customer into its communications with members and formed temporary alliances with consumer groups. In developing its campaigns and strategies, the FSU has drawn, in part, on the concept of 'community unionism'. However, the campaigns outlined in this paper could not be described as 'community unionism', for as Tufts (1998: 232) asserts, "the formation of coalitions of support does not alone constitute community unionism". Rather than forming broad-based, local alliances the FSU has, at best developed only loose coalitions with some bank customers and consumer groups.

The FSU's corporate campaigns were largely unsuccessful because they did not succeed in the key component of such campaigning; that is, the campaigns did not affect the bank's bottom line (Slaughter 1990). Campaigning at the corporate level has had limited impact because of the relative powerlessness of 'ordinary' as opposed to 'institutional' shareholders and the limited consumer power of bank customers.

While, the consumer and social justice groups have been prepared to lend their support to the FSU, they have not formed partnerships with one another. Fine (1998: 138) draws an important distinction in campaigning between support and participation, and argues that the key to moving from passive support to participation lies in forming relationships at the local level and having the union's national office play more of a support role. The FSU might have more success in creating a sense of shared agendas if it were to work at establishing alliances at the local level as well as continuing to strengthen their alliances at the peak or national level.

A key feature of the successful ‘community-union’ alliances conducted in the US has been the way they have operated at the grassroots level. The failure of the FSU to engage with local employees and customers in their ‘Save our Services’ campaign points to the key component of any campaign, that is that it must be run at the local level and actively engage the union’s rank and file. If the FSU wants to form participatory consumer-union alliances, the evidence suggests that it should consider forming relationships at the local level and have the union’s national office play a supporting role.

Incorporating customers into the FSU’s campaigns was always going to be an attractive option given the high level of customer disillusionment with the major retail banks in Australia. However, high levels of customer dissatisfaction have also meant that front-line workers have had to bear the daily abuse that this dissatisfaction engenders. Customers can be both ‘friend and enemy’ to front line service workers and the union faces a difficult task balancing its response to these two faces of the customer. In an effort to redirect this customer abuse and anger away from front-line retail bank staff, the FSU has drawn on a discourse of ‘shared concerns’ and constructed customers as allies of bank workers. However, the limited consumer power of individual retail bank customers has limited their effectiveness as allies.

Examining the FSU’s customer-focused corporate and political campaigns has highlighted a number of constraints associated with such strategies. It has also provided insights into the potential of these strategies to effect change. Exploring the FSU’s construction of the ‘customer as ally’ has also highlighted the potential of discourse as a resource that unions can draw upon.

The following chapter introduces the credit union movement, another long-term player in retail banking, whose philosophy centres on a discourse of ‘member’ not ‘customer’. Credit unions, on the face of it, offer a very different discourse of the ‘customer’ and ‘customer service’ to that offered by the large retail banks. By claiming to offer a ‘genuine’ alternative to the big banks, credit unions offer potentially different customer and employment relations strategies.

SECTION THREE

The Customer and Credit Unions

CHAPTER SIX

CREDIT UNIONS: CONTEXT AND CASES

6.1 Introduction

Credit unions, an area of retail banking that until now has received very little attention from researchers, provide an illuminating contrast to the large retail banks. As co-operatives, they are not-for-profit organisations and are therefore not shareholder driven. They also claim to offer a different kind of customer service because, as mutuals, they promote the idea of ‘member’ not customer. Credit union members are the organisation’s mutual owners and it is this which is said to set credit unions apart from other financial institutions. This and the following chapter explore how the philosophy of mutuality impacts on credit unions’ strategy and practice in service work.

This chapter provides an overview of the credit union movement in Australia and identifies those factors that set credit unions apart from other financial institutions. The chapter begins with a brief outline of the history of the credit union movement. The chapter also examines the movement’s ability to maintain a commitment to mutuality in the face of deregulation in the financial services sector. Deregulation has had a two-fold effect on credit unions. It has removed some of the protections that existed for credit unions. At the same time it has enabled the greater involvement of credit unions in all aspects of the financial services sector. However, some commentators have argued that these changes have placed pressure on credit unions’ commitment to the core philosophy of mutuality. In the past, mutuality has allowed credit unions to focus on service provision with profit being regarded as a secondary objective. More recently, it has been argued that the traditional emphasis on service has “yielded to profit as a priority on par with service” (Lewis 1996: 298).

Chapter Seven facilitates a deeper understanding of how the concept of ‘customers as members’ influences employment relations and worker identity in three case study credit unions. The three credit unions which illustrate the diverse nature of the credit union industry are introduced in the final section of this chapter.

6.2 Credit Unions: History and Principles

The concept of financial co-operatives originated in 1850 in Delitzsch, Germany (Crapp and Skully 1985: 11). A liberal Prussian parliamentarian, Hermann Schulze-Delitzsch, responded to the hardship experienced by urban labourers and tradespeople during a severe winter of 1846 by establishing a number of co-operatives, including a credit co-operative society. Founded on notions of self-help and open membership, Schulze-Delitzch's co-operatives were the precursor to the European people's banks (Lewis, 1996: xxi).[28] Friedrick Raiffeisen, a German burgomaster, adapted Schulze-Delitzch's ideas to the needs of his rural constituents and in 1854 established an independent farmer-based credit association, called the Heddesdorf Society (Lewis 1996: xx). Raiffeisen developed the notion of "limitless liability, achievable through a bond of association, whereby a person's trusted standing in the community and the knowledge co-operators had of each other acted as security in seeking loans from a community pool of funds" (Lewis 1996: xxi). By the end of the 1880s societies founded on Schulze-Delitzsch and Raiffeisen principles had spread throughout Europe.

In Canada, Alphonse Desjardins, a parliamentary reporter inspired by the Papal Encyclical *Rerum Novarum (1891),* developed his own philosophy for credit unions (Lewis 1996: xxi). The first Canadian financial co-operative was opened in 1901 at Levis, near Quebec, and by 1914 there were 150 co-operative banks in Canada. Credit unions developed on Desjardins' model were founded in Massachusetts in the United States around the same time. By 1921 there were 1,999 credit unions in various parts of the United States (Lewis 1996: xxii).

Crapp and Skully (1985: 13) assert that the legacy of this rich history of development is "an emphasis on co-operation around a set of unifying principles and common identity". Today these are reflected in the principles set down by the World Council of Credit Unions (WOCCU) under which all credit unions operate.[29] These

[28] Lewis (1996: xx) argues that "no burning notion of social transformation underlay the Schulze-Delitzch formula". Indeed, Schulze-Delitzch's motto was "the first duty of a non-capitalist is to convert himself into a capitalist".

[29] WOCCU has approximately 112 million members organised in 37,000 credit unions in 100 countries (www.woccu.org, 25 May, 2003).

principles include open and voluntary membership to all within the group accepted by the credit union, democratic control, non-discrimination, service to members, equitable distribution of surpluses, financial stability, on-going education to promote thrift and wise use of credit, co-operation among co-operatives, and social responsibility (www.woccu.org, accessed 25 May 2003.).

In Australia, the credit union movement was a product of the immediate post-war period. The first registered credit union in Australia, the Home Owner's Co-operative Credit Society Ltd, was established in May 1945 and was sponsored by an existing building society to provide personal loans to its members (Crapp and Skully 1985: 20). In 1946, Kevin Yates formed the Catholic Thrift and Loan Co-operative Limited (Universal Credit Union) in the Sydney Archdiocese and, as Lewis (1996: 15) explains "many commentators consider this to be the first 'true' credit union (because) it drew funds wholly from members, functioned autonomously, and was launched specifically to develop credit unions as part of the broader co-operative movement". By 1975 there were 748 credit unions in Australia with 910,000 members; two-thirds of these were in New South Wales (Lewis 1996: xxiii).

The restrictions to membership caused by the common bond of association and state regulation meant that credit unions did not normally compete with one another (Crapp and Skully 1985: 4). The bond of association that a credit union had with its members extended to links such as; having the same employer, involvement in a social group or residing in a particular geographical area. These bonds of association and lack of competition between credit unions led to the establishment of peak associations which provided a wide range of financial, managerial and administrative services which the credit unions would have found expensive to provide on their own (*ibid*: 29). These associations also enabled the smaller credit unions to provide a full range of services to their members.

Today two national associations provide these services to credit unions in Australia.[30] The Credit Union Services Corporation (Australia) Limited (CUSCAL)

[30] The Australian Federation of Credit Union Leagues (later, Australian Federation of Credit Unions Limited) (AFCUL) was formed in 1966, embracing all state and territory leagues and associations by 1970 (Lewis 1996: xxiii). During the 1980s under the impact of increased competition and the influence of technological innovation, the Australian movement restructured and a new peak body CUSCAL emerged, absorbing the engagements of various State leagues and associations (Lewis 1996: xxiv). The Queensland leagues and associations were not absorbed into CUSCAL but formed their own association, CreditLink.

represents 81 per cent of credit unions; while the remaining credit unions are represented by the Queensland-based Credit Link. These two bodies both operate as industry associations and commercial service providers for credit unions. As commercial service providers, they furnish member bodies with the services of treasury and cheque facilities, business and marketing supplies, funds management, insurance, information technology, and access to retail banking services such as Redicard, Visa and Rediteller (ATMs) (Local Government Banking and Financial Services Taskforce 1999: 23).

Central to the ‘credit union difference’ is the concept of the service recipient being a ‘member’ rather than a ‘customer’. Credit unions call their customers, ‘members’ because they are the ‘owners’ of the credit unions. Rob Nicholls, Deputy Chair of CUSCAL and Chief Executive Officer of Australia National Credit Union (ANCU), noted that “your member is your customer and owner; they are the same person” (Interview, 6 August 2003). On joining the credit union, each member is asked to purchase a share for a nominal amount, usually between $2 and $10, and this entitles them to an equal say in the running of the credit union. The member has the right to vote at AGMs and when electing the Board of Directors. Members can also stand for positions on the Board. Each member has one vote, regardless of the volume of business he or she has with the credit union. In 2001, Steve Laue, the then Chief Executive of CUSCAL observed that “credit unions are owned by their members, for their members and are therefore accountable only to their members. There is no external pressure for profit growth” (Laue, 2001). This principle is encapsulated in the credit union motto: ‘Not for Profit, Not for Charity, But for Service’. While credit unions are ‘not for profit’ institutions, they must nonetheless generate surpluses to cover operating expenses, additional benefits when membership expands, prudential requirements, and the return of surpluses to members through better interest rates, products and services (Local Government Banking and Financial Services Taskforce 1999: 22).

In April 2002 the Membership Council of CUSCAL produced a booklet that outlined the six core values of the Credit Union Movement. These were; co-operation, moral integrity, trust, financial prudence, caring for members and social responsibility (CUSCAL 2002a: 5). The Membership Council claimed that “it is the practical application of the Core Values, expressed as 'the way we do things around here' that makes (credit unions) different from our competitors" (*ibid*: 8).

The pioneers of the Australian credit union movement envisaged a "harmonious society characterised by decentralised, autonomous co-operatives collaborating with other democratic institutions in an equitable "Co-operative Commonwealth" (Lewis 1996: 338). The two values of 'co-operation amongst co-operatives' and 'social responsibility' are important to the role of CUSCAL and, most especially, to the work of its development arm, the Credit Union Foundation of Australia (CUFA). CUFA supports people in the Asia Pacific region to develop viable credit unions and works with rural and indigenous communities in Australia to extend financial services to people who currently lack access to such services (CUFA Annual Report 2001).

However, it seems that not all credit unions retain this vision. In 2001, of the 200 credit unions in Australia, only 86 gave donations towards CUFA's projects, and, of these 49 gave donations of less than $1,000.[31] Further, most credit unions have been reluctant to take up the challenge of re-establishing financial services in rural towns that have been left without a bank branch. Of the approximately 200 credit unions Australia-wide, only 19 participated in the CreditCare program. (www.cu.net.au, accessed on 10 September 2001). The CreditCare program was a joint initiative of the Commonwealth Government and CUSCAL (under CUFA) that operated from 1 July 1995 to June 2000 and aimed to re-establish banking services in towns left without such a facility because of the large number of bank branch closures. Lewis (2001: 10) notes that "the program provided resources to assist communities themselves discover the means of re-establishing financial services utilising existing resources, and link these with a host institution". As we shall see, the reluctance of credit unions to support the program has created market space for another type of financial services provider – the community banks.

[31] Only three credit unions, Australian National Credit Union, NSW Teachers Credit Union and WAW Credit Union Co-operative Limited donated over $10,000 (CUFA 2001: 5).

6.3 Credit Union Movement Structure and Regulation

The Credit Union movement is made up of a diverse range of participants. Credit union assets range from $200,000[32] to over $1 billion and membership ranges from a few hundred to many thousands (Nash 2001: 27). The Australian Prudential Regulation Authority (APRA) reports that 54 credit unions have more than $100 million in assets and four have more than $1 billion (Chong 2002: 36). Eighty per cent of credit unions employ less than 15 people (Probert *et al* 2000: 46). However, "small credit unions are declining in number as competition, regulation and the rate of change impose increasing demands on their boards and management" (Probert *et al* 2000: 50). Initially these pressures were the result of broader structural change in the economy. The corporatisation of the public sector, the privatisation of a range of government instrumentalities, and the decline in the manufacturing sector, have caused the demise of a large number of specialised credit unions that serviced a particular industry-based clientele. More recently, smaller credit unions have had to merge with larger credit unions because they have found themselves unable to meet the new requirements of the *Financial Services Reform Act (2002)*, particularly those related to training of staff. As Rob Nicholls has observed:

> We are being inundated with over-regulation in my view. This is why smaller credit unions are merging: they are drowning. Some of the smaller credit unions rely on volunteer management committees to run and the liability of these directors is now the same as any corporation (Interview, 6 August 2002).

Some in the credit union movement argue that the move away from small 'bonded' credit unions to large, amalgamated credit unions has caused an abandonment of the concept of 'membership' and an erosion of higher levels of service typically associated with it. According to Margaret Lester, Development Manager of CUFA:

[32] If assets are used as the measure then the smallest credit union in Australia is St Philip's Credit Co-operative in Melbourne with $200,000 worth of assets. Whereas the largest credit union in Australia is the Adelaide-based Australian Central Credit Union with total assets of $1.4 billion. (Wilmot 2002).

> Some of the bigger credit unions have diversified membership bases where the mergers have brought in so many different people from different groups. The membership had all experienced the credit union philosophy and being members of the credit union, but they ended up going from being members of a small credit union to this huge credit union that is not seen to be meeting their needs now. (Interview, 6 May 2002).

Mark Lynch, in his role as Director of ANCU, identified amalgamation as a crucial issue for the credit union movement:

> We are almost at crisis point. We are becoming irrelevant; we are becoming little, bland banks doing the same things as banks but maybe not as well. We are losing that traditional warm fuzzy member focus. Do we just merge ourselves out of existence until there is just one of us left and a bank takes us over? (Interview, 31 May 2002).

These are not the only changes facing the credit union industry. Credit unions have had to adapt to the increased competition that resulted from the deregulation of the financial services sector. Personal loans and consumer finance were the original market niche of credit unions and it was not until 1974, with the introduction of Bankcard, that the banks began to compete actively for consumer finance business (Crapp and Skully 1985: 26). In recent years the wider use of credit cards with high limits and home equity loans has eaten into the credit union's traditional personal loan market (Chong 2002).

Paradoxically, for credit unions, 'deregulation' of the financial services industry has been accompanied by *increased* regulation. In July 1992 the Australian Financial Institutions Commission (AFIC) launched the Financial Institutions (FI) Scheme. Under this scheme, non-bank financial institutions were required to comply with minimum prudential standards and uniform (State-based) regulations, implement and fund a national supervisory mechanism and contribute to state contingency funds and an emergency liquidity support scheme (Lewis 2001: 3). Pressures were further increased when in 1994 the federal Labor government abolished taxation exemption for credit unions' member-generated income. Most changes have been aimed at bringing credit unions in line with other retail banking institutions. In 1977 credit unions were given direct access to the cheque clearing systems and responsibility for credit unions was transferred from the State and Territory governments to the Federal government. Prior to July 1999 credit unions were regulated under the Australian Financial Institutions Code. From that time on, however, they have been treated as

Authorised Deposit Taking Institutions incorporated under Corporations Law and, along with banks and other deposit taking bodies, have been regulated by APRA and the Australian Securities Commission. Louise Petschler, Senior Policy Officer with CUSCAL remarked that "now all deposit taking institutions operate on a level playing field of legislation. They operate under the same prudential standards" (Interview, 6 September 2002). Credit unions have also faced increased costs in recent years as they seek to comply with changing regulatory standards. In 2002 privacy legislation and changes to the *Financial Service Reform Act* have imposed additional costs on credit unions as they ensure that systems, process and staff comply with the new requirements (KPGM 2001: 5).

Given these changes, and the pressures they have placed on smaller credit unions in particular, it is not surprising that credit union numbers have fallen significantly, from 549 in 1983 (Lewis 2001: 4) to 200 in 2002 (APRA 2002: 30). APRA classifies 65 of these credit unions as small in size, 71 medium-sized, and 64 as large.[33] The 200 credit unions operate a total of 957 branches, or an average of 4.8 branches each. The Defence Force Credit Union Limited offers the most extensive branch network with 52 branches. Significantly, 63 of the 200 credit unions have only one branch (APRA 2002: 4-8). Historically, credit unions have operated mainly by means of payroll deductions and having a direct workplace presence. More recently, they have relied on remote service options and have been innovators in the use of technology. Credit unions introduced the first twenty-four hour ATM in Australia in 1977 and, in 1981, the first EFTPOS services (Lewis 1996: xvii). While credit unions have closed some branches, the numbers have not been high. Rob Nicholls characterised the situation for the ANCU as follows:

> We have always been lucky that the direct strategy has been a bigger part of the natural credit union business. So, today, seven per cent of our members use a branch. Now we have driven that by closing branches but it was never high. We never had the fight the banks had (Interview, 6 August 2002).

While retail banks have closed many branches in recent years, individual credit unions have not faced the same pressure because they have traditionally not relied on extensive branch networks.

[33] APRA does not provide a definition of these classifications.

6.4 Membership and Mutuality

Although the number of credit unions is declining there has been a steady increase in member numbers and a growth in assets and loans. With total assets of $25.4 billion (APRA 2003: 30), taken together, credit unions are the sixth largest financial institution in Australia, ranked after St George Bank with total assets of $57.3 billion (www.stgeorge.com.au, 12 March 2003). With a collective membership of approximately 3.6 million, (KPMG 2001) credit unions now have more customers than three of the four largest banks. However, as Rob Nicholls notes: "only two million are 'active' members and of these only around 20 per cent of members use credit unions as their main financial institution and the challenge is to convince existing members to bring more business to credit unions" (Interview, 6 August 2002). While the number of credit union members grew by 0.9 per cent in 2001, some of this growth is attributable to the shift of 'low-value' and high transaction accounts from banks to credit unions (KPMG 2001).

The NSW Local Government Banking and Financial Services Taskforce (1999: 24) attributed the growth in credit unions to the dissatisfaction with the level of service provided by the banks. Research undertaken in 2001 by Eureka (an independent financial services research group) as part of a review of customer relationships in the retail financial services sector, revealed a widening gap in customer satisfaction between credit unions and the big four banks. The survey found that 72 per cent of credit union members rated their credit union as being 'very good' or 'excellent', whereas these ratings were given by only 36 per cent of customers from the four major banks (Barrett 2001). The survey also asked respondents whether or not they would be likely to recommend their current institution to others, and credit unions achieved a more favourable response than their competitors, with 72 per cent of credit union members indicating that they were 'extremely' or 'very' likely to recommend a credit union, whereas only 32 per cent of respondents who were customers of the four largest banks indicated a willingness to recommend their bank (Barrett 2001). These findings are supported by a survey conducted in 2000 by the ACA that found significantly higher levels of satisfaction amongst credit union customers. In response to the question, "How satisfied are you with your financial institution?", 64 per cent of credit union customers indicated that they were 'very satisfied' compared to 26 per cent of customers of smaller retail banks and 11 per cent of customers of the big four banks (Long 2002: 4).[34]

One reason for the higher level of customer satisfaction amongst credit union members may be that credit unions operate under a philosophy of mutual self–help and as 'not for profit' institutions where members are viewed primarily as owners rather than customers. In August 2000 CUSCAL released its Credit Union Brand Strategy report, entitled, *Deepening Member Relationships*, authorised by its Brand Strategy Taskforce. Comprised of senior CUSCAL executives and CEOs of some of the largest and/or most innovative credit unions,[35] the Brand Strategy Taskforce identified three aspects to the membership relationship. The first, 'customer-ship' relates to the style and quality of the customer service interaction, the second, 'membership', relates to a sense of affinity members have with their credit union and the third, 'ownership' is concerned with the value members derive from owning and influencing outcomes in their credit union (CUSCAL 2000: 20).[36] The taskforce concluded that the third aspect of the relationship, and the one most closely linked to the underlying philosophy of mutuality, namely 'ownership', was only important to some older members of credit unions (*ibid*: 21). The Taskforce concluded that: "while younger members understand they have a right to vote on matters affecting the credit union and have the ability to elect the board of directors, these rights are often unused and regarded as more notional than real" (*ibid*: 59).

Consulting firm KPMG (2001: 6) has reported that, "credit unions' major competitive advantage has always been their "not for shareholder" structure and their

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[34] The ACA received 3,804 survey responses, 2,253 were customers of one of the big four banks, 700 from a smaller bank and 675 were credit union customers.

[35] Credit Unions represented on the Taskforce were; Advantage Credit Union Limited, Northern Territory Credit Union Ltd, Wagga Mutual Credit Union Ltd, Connect Credit Union and Holiday Coast Credit Union Limited.

[36] The key recommendation of the Taskforce was the establishment of a shared co-operative awareness campaign. The Taskforce recommended that each credit union make a contribution to a national advertising program. However, the recommendation did not get the support of some of the larger credit unions such as the teachers and police credit unions who have an established niche market and could see little or no benefit from a national advertising campaign. As Rob Nicholls lamented, "so we are stuck with being a niche player with direct marketing only to our existing members and with their relationship alliance groups" (Interview, 6 August 2002).

ability to differentiate themselves from banks by promoting customer bond and service to their members". However, this notion of a bond of association is much less powerful than it once was in the credit union movement. Since the 1980s, most credit unions have opened up their bond of association. This has placed the core credit union philosophy of mutuality under considerable pressure and it would appear that a commitment to 'member service' has not been enough to ensure that credit unions remain competitive. Indeed, the running costs of such member-focused organisations are relatively high. In November 2001 the cost-to-income ratio for the credit union industry was 79.3 per cent (KPMG 2001: 4). In contrast, the ANZ's cost-to-income ratio in 2001 was 47.3 per cent (down from 63 per cent in 1997) (*ibid*). KPMG argued that the reason for the credit union industry's high cost-to-income ratio was the focus on "providing high quality customer service which has resulted, in most cases, in the maintenance of branch based customer structures and face to face customer service" (*ibid*). This explanation was supported by Rob Nicholls, who conceded that:

> The financial analysts would criticise us as being fat, lazy and inefficient because mutuals tend to carry more staff. We tend not to like queues, so we tend to staff up for the service. That means we have a high staff to income ratio. We have high cost to income ratio so we are seen by the economic rationalists as inefficient (Interview, 6 August 2002).

Nicholls' credit union, ANCU, is the second largest credit union in Australia and has a cost-to-income ratio of 80 per cent.[37] This, he says, reflects the "fundamental driving difference in a credit union or a mutual - it is the culture that comes from being customer driven rather than shareholder driven". While Nicholls acknowledged that the concept of mutuality appears to mean less and less to credit union members, he claimed that it was still an important concept for workers within credit unions. Nicholls observed that:

> The members, they don't see themselves so much as an owner because a $2 shareholding is a nominal shareholding. They see themselves fundamentally as a customer but the staff never have a conflict in their mind. (Interview, 6 August 2002).

[37] Taking assets as a measure of size, it is the second largest, but if capital reserves are used as the measure it is the largest.

This comment suggests that the notion of member as part-owner of the organisation still carries important implications for workers in credit unions, an issue which will be taken up in detail in the following chapter.

6.5 Employment Relations in Credit Unions

This section outlines employment relations in the credit union and highlights areas of similarity and difference to the large retail banks. In 2001 credit unions employed 7,584 people, of whom 73 per cent (5,539) were female and 27 per cent (2,045) were male (ABS 2001).[38] While this reflects the gender division of labour in retail banking generally, more women are employed in managerial/ professional positions (17 per cent) in credit unions than in the finance sector generally (7.5 per cent). The FSU suggests that the higher proportion of women in the 'managerial/professional' category may be due to the smaller scale of credit union operations (FSU unpublished data 1999: 10). Since a manager of a credit union branch employing only a couple of people would still fall within the 'managerial/professional' category. Approximately 25 per cent of workers employed in credit unions work part-time (CUSCAL submission to APRA 2001).[39] This is the same as the percentage of employees working part-time in the large retail banks (Probert *et al* 1999).[40]

Rates of unionisation in the credit union movement are much lower than in the large retail banks and this can also be explained in part by the smaller organisation size. In 2003 only 19 per cent of credit union employees were members of the FSU compared to an average of 48.4 per cent in the four largest retail banks (Unpublished FSU Data 2002). Smaller organisations present a range of organising problems for unions and this is exacerbated in the credit union movement because of the

[38] This reflects the gender segmentation in retail banking generally as outlined in Chapter Four. It may be that recruitment practices in retail banking are influenced by management perceptions that women are more suited to service roles (Tyler and Taylor 2001, Bulan *et al* 1997, Hall 1993). However, this does not explain why the gendered segmentation has continued despite the shift from a focus on customer service to sales skills in the role of front-line employees in retail banking. The highly gendered nature of front-line customer service roles in retail banking certainly warrants further investigation.

[39] More recent figures are not available since 2001 because from that time APRA have not required financial institutions to submit data on the number of staff they employ.

[40] It is also in line with the total proportion of the Australian labour force that worked part-time. In 2001 the proportion of part-time workers in the Australian labour force was 27.9 per cent. (ABS 2003: 6302.0).

geographical dispersion of the organisations. As Megan May, Credit Union Organiser with the NSW Branch of the FSU, explained smaller credit unions present an organising challenge for the FSU:

> In the smaller credit unions it is actually harder to organise. Bigger credit unions are so much easier to get in and organise. The smaller ones I think [are different] because there is a slightly different feeling towards the union. Also they are faced with a whole range of different relationships. They are usually a hell of a lot closer to management than in a larger organisation (Interview, 21 August 2001).

In 1999 income levels amongst credit union employees were significantly lower than the median for the retail banking industry overall. The industry median for males was $990 and for female $554 a week, in credit unions the median male wage was $659 and the media female wage $459[41] (Unpublished ABS Data in FSU 1999: 10). The minimum wage levels in credit unions are set under the Credit Union Award 1998 (AW 772291). This umbrella award was designed to cover employees in credit unions ranging from those employing two staff to those with over 300 employees. Megan May explained that “when it was negotiated in its first inception it was basically decided that it would be brought down to the lowest common denominator so that the smaller credit unions could comply with the requirements under the award” (Interview, 21 August 2001). May also noted that since the introduction of enterprise bargaining, wage differentials within the credit union industry have become more pronounced because the larger credit unions had moved their employees across onto enterprise bargaining agreements, which generally offer higher wages, while the smaller credit unions continued to pay their staff under the Credit Union Award. In a few cases employees in credit unions that were still linked to a particular industry continued to have access to benefits that reflected the better pay and conditions of workers in the ‘bonded’ industry. For example, employees of a credit union servicing Local Council employees in Newcastle had an annexure to the Credit Union Award that outlined comparatively generous conditions in line with all Council employees (Interview Megan May, 21 August 2001).

Probert *et al* (2000: 40) found that employees in credit unions had experienced work changes similar to those experienced in the major financial institutions. Table

[41] It is not clear from the publication if these are full-time equivalent figures.

6.1 details employee perceptions of the most significant changes introduced by credit union management in recent years.

Table 6.1
Employee Perceptions of Change in the Credit Unions, 2000

Change	**Credit Union Employees % of Responses**
Fewer staff, same or increased workload	68.7
Increased business pressure, in general	66.3
Impact of productivity or sales targets in particular	56.6
Greater use of casual or temporary workers	21.7
Change from full time to part time hours	03.6
Change from part time to full time hours	04.8

Source: Probert *et al* 2000:40

Business pressures on credit unions, and the move by some to a culture based on sales rather than service, have resulted in a degree of work intensification similar to that experienced in other parts of the retail banking sector. However, the resulting dissatisfaction felt by credit union employees has tended to be directed more towards management than towards the new work practices themselves. Whereas workers in the four major retail banks identified performance pressure (29.2 per cent) and unreasonable targets (25.6 per cent) as their greatest sources of dissatisfaction, credit union employees identified 'management' as their greatest source of dissatisfaction (18.2 per cent), with 15.6 per cent of respondents nominating performance pressure and 14.3 per cent unreasonable targets (Probert *et al* 2000: 20) Credit union employees' particular dissatisfaction may be attributable to the fact that most credit unions are small workplaces. Even the largest credit unions are relatively small when compared with the major banks. This in turn allows a more 'hands on' approach by management and this proximity could explain why credit union employees are more likely to direct their discontent directly towards management.

This overview of employment relations in the credit union industry poses a number of key questions needing further inquiry. Why do credit union employees appear to place more emphasis on the concept of mutuality than credit union members? What influence does the philosophy of mutuality have on managerial strategy? Has the need to open up bonds of association had an impact on human resource management strategy and employment relations in credit unions? The following section introduces the three case study organisations to which these and other questions have been applied in this study. The three cases have been selected to illustrate and highlight points of similarity and diversity in customer and employee relations' strategy in the credit union industry.

6.6 The Three Case Study Credit Unions

NSW Teachers' Credit Union

The NSW Teachers' Credit Union (Teachers) is one of the largest credit unions in Australia. The success of the credit union can be attributed to the strong links it has been able to maintain with its original bonded group, teachers employed in the NSW State education system. While industry restructuring and privatisation of the public sector have meant that the majority of credit unions have had to open up their bond and expand their customer base, a small number of occupations, including teaching, have been little affected by such changes and the credit unions servicing these groups have been able to maintain a strong association with their original bonded group.

Teachers came into existence in 1966 as the Hornsby Teachers' Credit Union. In 1967 the name was changed to the NSW Teachers' Credit Union and payroll deductions commenced. In 1976 the head office was moved from a house in Parramatta to its current location at Homebush and, almost ten years later, in 1984 the Rooty Hill office, which also houses the credit union's call centre was opened. These are the only two branches of Teachers' Credit Union.

The original objectives of the Credit Union were "to give members through a credit union, an attractive savings scheme, a way of obtaining personal loans and an opportunity to solve personal financial problems through co-operation" (NSWTCU 1991: 6). Although members of the NSW Teachers' Federation were involved in the credit union's establishment, the link between the Federation and the credit union has never been formalised. The Chair of the Members' Committee explained that:

> Originally the only strong link that the credit union had with Federation was [that] it came about from meetings of the local Federation. So it was those people who started it. The Federation didn't want to know us originally (Interview, 16 September 2002).

One legacy of the credit union founders being union members is that all potential members of Teachers must be a “member of an appropriate industrial association where one exists” (NSWTCU 2003: 1)**.** This qualification applies to all potential members and persists despite the fact that senior credit union management has attempted on several occasions to have it removed as a condition of membership.[42]

Teachers has delivered its services remotely since its inception in 1966, making it a revealing point of contrast with the major retail banks which have been engaged in wholesale branch closures since the early 1990s. Helen O’Rielly, Teachers’ Human Resource Manager, stated:

> We are not like the banks who are being criticised because they had these branches and closed them. We never had them, so what we had to do was really concentrate on ensuring that we provided an extremely sophisticated remote access service (Interview, 18 March 2002).

Operating remotely has meant that Teachers has had to be innovative in the use of technology. Michelle Evans, Branch Supervisor and FSU Delegate, set out the thinking behind the decision to expand access via technology rather than branches: “We looked into going to half a dozen branches many, many years ago and the cost involved in that outweighed the benefits. So they looked at other ways and put a lot of money into technology with; the internet, B-pay, on-line banking, and redi-phone” (Interview, 18 March 2002).

A long history of remote service and the fact that the credit union has been able to retain strong links with its original bonded group, state government teachers, are two defining features of the Credit Union. The following chapter explores the influence ‘teacher’ members have had on employment relations and worker identity at Teachers.

Power Credit Union

Power Credit Union (Power), a medium-sized credit union employing approximately 90 people and located in NSW, is a very different organisation to NSW Teachers’ Credit Union, and services a number of small coastal communities through a network

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[42] Changing the stipulation requires 75 per cent of the membership to vote to change the constitution of the credit union. The NSW Teachers’ Federation has been successful in running no campaigns around this and other changes sought by management.

of ten branches. It has undergone significant change since its beginnings as an industry based credit union. Power was formed in 1985 from the merger of two credit unions that serviced related government-owned industries on the NSW Coast.[43]

Power management has made the decision to maintain a branch network rather than move towards a centralised operation with a call centre function and is "trying to do it a little bit differently and retain that branch presence but have the idea of a call centre in each branch. So that we start doing service and sales calls from the branch for the members attached to that branch" (Interview Human Resource Manager, 25 July 2002). Power's FSU delegate stressed that the staff were aware of the high cost associated with maintaining an extensive branch network and did not understand management's reluctance to rationalise the branch structure. She argued:

> You look at my bosses and they won't close the network and yet even us as union members we are saying, we have got to survive and we need to close some branches. I think it is a necessity or the credit union will fold or we will merge. (Interview, 3 April 2002).

In seeking to remain viable Power has sought to bring about change, some of it seemingly at odds with the credit union movement's vision and values. Attempts to bring about cultural change at Power have been ongoing. In the 1980s, change was directed at shifting employees' thinking towards member service. The Human Resource Manager explained these earlier change initiatives as follows:

> It was a very small organisation and sort of had a bit of the public service mentality, it was very much like a family apparently, but still had that, 'the member is here for me as a staff member' [attitude] not the other way around. So they went through a process of moving them into thinking that the member is here and you, as a staff member are totally dependent on them (Interview, 25 July 2002).

More recently the focus has been on shifting that service culture to a sales culture. The impact this has had on employees and the challenge it poses to the notion of mutuality is explored in Chapter Seven.

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[43] It is not possible to identify the industries because the management of Power only agreed to participate in the research if the identity of their organisation was not revealed. For this reason information on Power is sometimes limited in comparison with the other two case study credit unions.

Holiday Coast Credit Union

Holiday Coast Credit Union (Holiday Coast) is a regional credit union, employing approximately 100 people, that has been proactive through the CreditCare program in establishing credit unions in towns left without a financial institution after branch closures by the large retail banks. It has opened six credit union branches in the towns previously left without a financial institution and has another 11 branches spread along the mid north coast of New South Wales.[44]

Holiday Coast was established in 1967 as Hastings Rural Credit Union servicing the staff and suppliers of the Hastings Dairy Co-operative based in Wauchope. In 1977 the Credit Union moved to an open bond, changed its name to Hastings Credit Union and opened a branch in Port Macquarie. In 1996 the name was again changed to Holiday Coast Credit Union to reflect the expansion of the credit union's branches throughout the mid-north coast. Holiday Coast's General Manager explained how the Credit Union's expansion and renaming was linked to changes in local government:

> (We) recognised that we had to grow because that was the challenge not just to stand still and the biggest advantage that we had was in mid to late 1995, early 1996 the whole of the local government areas from Hawks Nest to Coffs Harbour decided to combine and promote the area as the Holiday Coast and they came up with a concept Holiday Coast and we secured the name Holiday Coast and about twelve months later changed our name.

Holiday Coast has expanded its branch network through mergers. In 1999 Holiday Coast merged with Maitland Community Credit Union (MCCU), further strengthening its branch network. MCCU was originally called Bradmill Employers Credit Union Ltd, then the Maitland Industrial Credit Union. In 2001 the business of

[44] Five of the six branches established under the Credit Care Program are located at Stroud, Nabiac, Buladelah, Hawks Nest, Old Bar and the sixth at Gresford was established as a Rural Transaction Centre. The CreditCare program was a joint initiative of the Commonwealth Government and CUSCAL that operated from July 1995 to June 2000. The program provided resources to assist communities in re-establishing financial services utilising existing resources and by linking with a host credit union. The ongoing work of assisting regional communities is now carried out by CUSCAL under its CUFA arm.

Manning Local Government Employees Credit Union[45] was also transferred to Holiday Coast. As the General Manager of Holiday Coast explained:

> Contrary to the strategy of the major banks Holiday Coast Credit Union has continued its commitment to a local 'shop front' approach to servicing members banking and other financial needs… The importance of being connected with the communities that make up this region is a fundamental business strategy of Holiday Coast Credit Union (Interview, 5 September 2002).

Holiday Coast now services a large number of townships within the mid-north region of NSW. The branch network is divided into three regions: the Northern Region with branches at Port Macquarie, Kempsey, Wauchope and Laurieton; the Central Region, with branches at Taree, Nabiac, Wingham, Turncurry and Old Bar; and the Southern Region with branches at Bulahelah, Gloucester, Gresford, Hawks Nest, Maitland and Stroud. The Southern Region has three of the six branches established under the CreditCare program and the two branches they took over when they merged with MCCU. The Southern Region branches were the focus of the research because they are the ones that management was prepared to provide access to.

While maintaining its branch network, the credit union has also moved to provide a range of service options to its members. In 1995, it expanded its phone banking service and established a call centre at the Wauchope Branch. However, since 2001 the call centre staff are only involved in outbound strategies and "as a direct response to member feedback inbound calls were returned to each branch" (www.hccu.com.au, accessed 30 July 2002). It was also the first credit union in Australia to offer internet banking to their members.

The emphasis on serving "communities" is the dominant managerial discourse within Holiday Coast. Its management is nostalgic about a return to a closer bond with their members and discussed being able to do this at the branch level by establishing 'bonds' with the local towns they are located in. However, as is highlighted in Chapter Seven, this approach carries a number of contradictions.

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[45] With only 300 members, the transfer of Manning Local Government Employees Credit typified the fate of some credit unions forced to merge with larger credit unions primarily because of their inability to comply with the raft of legislation applying to credit unions since 1999.

6.7 Conclusion

This chapter has provided an overview of credit unions and raised some key issues facing the credit union movement in Australia today. As credit unions have come under increased competitive pressure new points of similarity and difference have emerged between them and other providers of retail banking services. These changes have placed the core credit union concept of ‘mutuality’ under pressure and it has been suggested that credit unions, while maintaining their not for profit structure, have moved towards a ‘sales’ as opposed to ‘service’ culture in line with other providers in the sector. The effect of these shifts on both members and workers in the case study credit unions will be explored further in the next chapter.

This overview of credit unions has raised the possibility that while the notion of ownership imbedded in the concept of the ‘member’ has come to mean less and less to credit union members, it continues to be an important concept for employees in credit unions. Sturdy (2001: 35) has called for empirical evidence that provides an understanding of the way workers conceptualise customers and argues that there is a need to understand how “front line workers’ experience service work, for example, the conditions under which it is experienced as stressful, fulfilling and so on”. The case study research considered in the next chapter seeks to provide empirical evidence of the experiences of front line workers in credit unions and explores the way they conceptualise ‘member (customer) service’ and under what conditions they find their work satisfying or frustrating.

There are some key points of difference between the three case study credit unions that make for an enlightening comparative study. Firstly, while Teachers has been able to maintain strong links with its original bonded group, the other two credit unions have not been able to do this and have opened up their bond to a diverse member base. Secondly, whereas Teachers has operated remotely since its inception, Power and Holiday Coast rely on servicing customers through branch networks. Indeed, Holiday Coast has gone against the retail banking trend and has been proactive in opening up branches in towns left without a bank branch when the large retail banks pulled out. Thirdly, while Holiday Coast and Power have moved away from a focus on ‘member service’ towards ‘selling products’, management at Teachers have rejected the idea of ‘sales’ and ‘targets’ and continue to place an emphasis on service that is underpinned by the notion of ‘mutuality’. These different approaches in business strategy have also resulted in different human resource management policy and practice in the case study organisations and changes in perceptions and expectations of the psychological contract between management and workers.

The chapter has also raised a number of questions requiring further examination. The first of these has to do with the sustainability of the credit union movements’ core philosophy of ‘mutuality’ as it seeks to compete in an increasing deregulated financial services sector? Second, what, if any, contradictions and conflicts arise when ‘not for profit’ organisations embrace a sales-oriented service culture? Third, as credit unions merge and ‘bonds of association’ are widened how much weight do members and workers within credit unions place on the concept of ‘ownership’ which is at the heart of the idea of ‘member’ not ‘customer’ that differentiates credit union from other financial service providers? The next chapter considers these questions in relation to the three case study credit unions introduced above.

CHAPTER 7

CUSTOMERS AS MEMBERS

Customer and Employment Relations in Credit Unions

7.1 Introduction

The previous chapter provided an overview of the Australian credit union movement in the context of the broader financial services sector and raised questions that can only be answered by means of detailed case study analysis. Drawing on evidence pertaining to the three case study credit unions, this chapter offers answers to these questions, as well as provides insights into how the broader issues facing the credit union movement are played out at an organisational level. In doing so, the chapter identifies some areas of comparison and similarity between the three case study credit unions and explores customer and employment relations within credit unions that have broadened their membership bases and sought to compete with much larger, non-mutual organisations.

As the previous chapter indicates, largely in response to broad structural change in the Financial Services Sector, alternative discourses of the customer are now becoming more influential in credit unions. While these changing discourses have implications for members of credit unions, this study is interested in employees' experiences of, and reactions to, discourses of the customer within organisations. This chapter investigates the effects of these changing discourses on management strategy, employment relations and worker identity in three credit unions: the NSW Teachers' Credit Union, Power Credit Union and Holiday Coast Credit Union.

The chapter is structured around four key themes: customer relations, human resource management strategy, industrial relations and worker identity. Although the themes are discussed sequentially, the association between them is necessarily multi-directional. The chapter highlights the way that the discourse of 'customer as member' influences customer relations strategy, and how this influences the employment relationship. In this chapter the broad category 'employment relationship' is broken down into two sub-categories: human resource management strategy and industrial relations practice. Separating out the organisational processes from the institutional practices highlights the way that discourses of the customer can both influence and constrain these processes and practices. The final section of the chapter outlines how these changing discourses, processes and practices have been understood, interpreted, utilised and, at times, resisted by workers in the case study organisations.

7.2 Customer Relations

The general shift in customer relations strategy across the retail banking industry has been from a focus on customer service to an emphasis on selling products. Unlike the large retail banks, not all credit unions have embraced a 'sales culture' and some have done so only hesitantly. The different approaches to customer relations strategy within the credit union movement are highlighted by the three case study credit unions. Teachers' have maintained a commitment to service above sales, whereas Power and Holiday have moved towards a sales-oriented customer relations strategy.

Members As Equals: The NSW Teachers' Credit Union

Servicing a customer base that has a significant number of members who are teachers has had a strong influence on the way that the NSW Teachers' Credit Union operates. As the Assistant General Manager, Marketing and Member Relations remarked:

> It influences absolutely everything. I can't think of anything it doesn't influence. It influences the way we distribute our products and services. It influences the style of staff employed, the type of technology used, even our borrowing criteria (Interview, 17 June 2002).

In a written communication to members, Col Thomson, the Chair of the Credit Union, emphasised the importance of the ongoing strong association of the Credit Union with its original member base:

> We know that the strength of our Membership has been, and still is, the backbone of our success. *Teachers helping teachers (*emphasis in original). Teacher solidarity has meant lower delinquencies in loans, large regular payrolls and higher average savings – advantages that allow us to provide effective, up to date relevant service while retaining a low fee structure (NSWTCU 2002:2).

Membership of the Teachers Credit Union is not open to all teachers, rather, it is restricted to teachers within the public education system: primary and secondary

State school teachers, TAFE teachers, and university academics.[46] Throughout its history there have been five failed attempts to widen the base of Teachers to include teachers from private schools. The most recent attempt to expand the membership in this way occurred on 15 May 2002 when a Special General Meeting of Members was called to seek an extension of the Credit Union's 'Membership Rule'. The change required an alteration to the Constitution of the Credit Union and was put to a vote of the members. Under Corporations Law a majority vote of 75 per cent was required to bring the change into effect. Of the 19,229 votes cast (out of a total membership of 108,000), 71.4 per cent were in favour of the proposal, just short of the 75 per cent needed. The 'no' case was promoted by the NSW Teachers' Federation which emphasised the historical links between the Credit Union and the Federation. Their main argument against opening up the credit union to private school teachers was that this would "dilute our original core membership (the public education bond) … because of this we will become one player amongst many without any distinguishing features" (Johnson 2002).

Even so, the membership has gradually been extended to include a broader category of 'family' members. At the Annual General Meeting on 12 October 2002 the definition of 'family' was expanded to include stepchildren, brothers and sisters. The extended definition of family under the NSW Teachers' Credit Union Constitution is "spouse, parent, grandparent, child, stepchild, grandchild, brother or sister" (NSWTCU 2002: 1). In addition 'family' members' rights were extended to be the same as 'prime' (that is teacher) members' rights, in effect allowing other relatives of existing 'family' members to join the credit union, whereas previously only family of 'prime' members could join. This has extended the bond of the credit union considerably.[47]

For these reasons, the profile of the customer base of Teachers has changed considerably in recent years and family members now make up the majority of members. As at September 2002, 47 per cent of members of the NSW Teachers' Credit Union were 'teacher' members and 53 per cent 'family' members (email

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[46] If public school teachers move to the private sector they are eligible to retain their membership.

[47] The Teachers' Federation raised no objection to this change to the Constitution despite the fact that it opens up the membership to allow even more 'non-teacher' membership. It is also interesting to note that membership of the NSW Teachers' Health Society, an organisation directly affiliated to the NSW Teachers' Federation, is open to non-government and government school teachers.

correspondence with Human Resource Manager, 4 September 2002). Despite the fact that ‘family’ members are in the majority, credit union management still see the organisation primarily as a credit union that services teacher members. As the Human Resource Manager observed: “One of the good things about having a close bond is that we know that we are providing a service to teachers. So everything we do is based around that; so while there are family members our main bond is teachers” (Interview 18 March 2002). Other managers had a different view. For instance, the Assistant General Manager for Marketing and Member Service, Delphine Swift, recognised the need for the credit union to better balance its focus on members:

> Perhaps sometimes one of the marketing problems that we have is that even though teachers are our solid foundation we need to be careful not to treat them so unequally that we disadvantage the other equal members who happen to be family or partners or whatever. So sometimes we have to watch very carefully our communication because it is geared much more towards teachers. It may alienate someone who is not a teacher and they may think it is not relevant to them (Interview, 17 June 2002).

The emphasis on marketing to teacher members is evident in the fact that all the Credit Union’s wider activities are related directly to the work of public schools. It has supported the Primary Schools Sports Association (PSSA), the Combined High School Sports Association (CHSSA), and Stewart House for many years, and more recently the showcase concerts for public schools held at the Opera House. Further, the influence of ‘teacher’ members is reflected in the name of the magazine used to communicate with members – *Chalkboard*.

In interviews with both management and workers, ‘family’ members were referred to in very different terms to ‘teacher’ members. Concerns were expressed that ‘family’ members introduced problems that ‘teacher’ members did not. As the Chair of the Members’ Committee commented: “The credit union gets the money from the department before the teachers see it, so our bad debt regime is very, very low compared to industry standards, but that is starting to increase as we get more family members” (Interview, 16 September 2002). An MSO[48] claimed to have experienced different responses from ‘family’ members as opposed to ‘teacher’ members, observing that: “I find a teacher will be pleasant to deal with as opposed to a ‘family’

[48] Since credit unions use the word ‘member’ not ‘customer’, they call their front-line service officers Member Service Officers not Customer Service Officers.

member. Family members tend to treat us like they treat the bank, whereas teachers still appreciate us and appreciate what we do" (Interview, 14 August 2002). Another MSO made the observation that 'teacher' members had higher expectations than 'family' members, reflecting their greater attachment to the organisation. She observed that: "Their expectations are very high and we have to provide them what they want" (Interview, 14 August 2002).

Despite being in a numerical minority, teachers continue to have a greater say in the way the credit union operates than do 'non-teaching' members. As at May 2003, all Board members were either current teachers (2) or retired teachers (5).[49] Similarly, the Members Committee,[50] which is meant to represent the interest of all members, has only two 'non-teachers' on its Board.[51]

Both management and MSOs acknowledged that 'teacher' members have a greater degree of influence and a greater attachment to the core philosophy of 'membership'. They were the 'true' credit union members. However, while the MSO's interviewed observed differences in the attitudes of 'teacher' members and 'family' members they also emphasised that they did not treat members differently. One MSO remarked: "They are all members whether they are a 'family' member, whether they have been nominated or they are the children. It doesn't make any difference to us; everyone is a member" (Interview, 14 August 2002).

The extensive informal network that schools provide for the NSW Teachers' Credit Union, together with the development in technological service options, means that the Credit Union has never had to establish a branch network. It has only two branches: one in the outer Sydney suburb of Rooty Hill, and a branch and head office in the mid-west Sydney suburb of Homebush. The office at Homebush is spatially

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[49] Nor does the Board reflect the gender mix of the member base. Whereas around 60 per cent of members are female, only two of the seven Board members are female.

[50] The Members' Committee is elected by the membership of the Credit Union and each committee member receives a stipend. The role of the Members Committee has changed over the years from an autonomous auditing role to "acting as a source of personnel for committees, taskforces and focus groups established by the Board. The Members' Committee serves as an avenue for interested members to contribute to the improvement of services and acts as a source of alternative directors" (www.teacherscreditunion.com.au accessed 7 June 2002).

[51] One works for IBM and the other for the Teachers' Federation. Nor does the Members' Committee represent the wide geographic spread of Teachers' Credit Union members since all representatives on the Committee come from the Sydney area. The Chair of the Members' Committee explained that because they meet every three weeks it would be difficult for members outside the Sydney area to attend (Interview, 19 September 2002).

very unlike a retail financial services branch. It has an open-plan layout on the ground floor where all the MSOs and associated services (such as travel and insurance) are located. The second floor of the building houses the management and administrative staff. At the Homebush office a concierge greets members and directs them to the appropriate service desk. There is a large play area well equipped with toys for children and a lounge area with free drinks (including low alcohol beers) for members. One MSO reported that:

> We have members who come in at lunch-time and bring their sandwiches and have a drink. They love it, they love coming here. The atmosphere is good. We have no bars on our windows, we have no bars on our counters. It is more of a hotel feel then a bank (Interview, 14 August 2002).

Teacher members take the opportunity to visit the credit union during the school holidays and conduct their banking business face to face. A MSO recalled that:

> School holidays are like a big party for us. We put on things for the kids - badge making, plaster molding. We have a lady in the winter school holidays with tea and coffee, so they can have a hot drink instead of just juices and light beers from the fridge. I think they just like the atmosphere of the school holidays (Interview 14, August 2002).

Bowen and Ford (2002: 459) have noted that "the service setting cues desired and discourages undesired behavior and attitudes for both customers and employees; it also can be considered part of the service experience itself". This is certainly the case at Teachers.

The notion of mutuality is central to the approach taken by the NSW Teachers' Credit Union and the provision of excellent customer service.[52] As the Assistant General Manager, Marketing and Member Service, observed: "The fact that we are mutuals does give us the foundation to drive service. That is probably where the strength comes: not so much from the member, but more with the way staff deal with the members"(Interview, 17 June 2002).

Credit union employees are discouraged from referring to their members as customers. The Human Resource Manager asserted that:

> No! No! we don't say the 'C' word. That gets knocked out of people very early on. In orientation we will get people in and they have worked in banks and

[52] The commitment to mutuality has also meant that while Teachers' Credit Union has followed the lead of other financial institutions and introduced fees on transactions they are generally lower than those charged by other financial institutions.

> other service organisations and so they refer to customers but I would say by the time they leave orientation they know it is members (Interview, 18 March 2003).

An MSO recalled how difficult it was to stop saying ‘customer’ and remember to use the word ‘member’ when he first started with the Credit Union. He recalled: “I found it very hard to stop saying customer. Now I say it automatically, it is member” (Interview, 14 August 2002). This experience was shared by another MSO:

> If you said customer downstairs everyone would pick you up on it and say, “member, member”. It is enforced. It is very enforced. It was hard for me when I first started because I went from customers to clients to members and I was getting all these words stuck in my head (Interview, 14 August 2002).

The insistence on using the term ‘member’ as opposed to ‘customer’ is motivated in part by the desire to differentiate Teachers from the major retail banks.

The emphasis on customer service may be the reason why Teachers has extremely high levels of customer satisfaction. In an ACA survey conducted in 2000 the NSW Teachers’ Credit Union’s customers reported higher levels of satisfaction than did customers of any other financial institution (ACA 2000b: 16). Whereas only 12 per cent of customers of the large retail banks said they were very satisfied with the service they received from their financial institution, the comparable figures for Teachers was 89 per cent (*ibid*). A 2002 ACA survey that also examined retail banking customers’ satisfaction with fees charged by their institution found that only 8 per cent of Teachers’ customers were dissatisfied with the fees charged. By comparison 61 per cent to 65 per cent of respondents from the large retail banks expressed dissatisfaction with the fees charged by their institution charged (Long 2002: 4). This survey information was confirmed by the experience of a newly recruited MSO who had previously spent 20 years with a large retail bank: “You don’t have customers yelling at you. I haven’t heard one member - I should be calling them that - one member actually make a complaint. So obviously they are happy because fees and charges are less” (Interview, 14 August 2002).

Teachers has been able to maintain a commitment to the core credit union philosophy of mutuality in large part because of the strong ties it retains with its original bonded group, public sector teachers. Teachers’ *member* relations strategy focuses on these teachers despite the fact that the majority of its membership base are not teachers. This focus on its teacher members and the emphasis on ‘members as owners' drives the organisation's commitment to high levels of member service and has resulted in high levels of member satisfaction.

Power Credit Union

Whereas Teachers' has been able to maintain strong links with their original bonded group, the bonded membership of Power Credit Union has been dissipated due to industry restructuring. The case of Power highlights the effects of deregulation and industry restructuring on many credit unions. At Power, competitive pressure and the opening up of its 'bond of association' have placed the credit union's core value of mutuality under considerable pressure. This pressure was such that in 1997 Power management had little option but to apply fees and charges to its member accounts. The introduction of fees and charges was accompanied by a shift away from a service focus to an emphasis on sales. This change was also driven by the necessity to remain profitable by generating income from sources other than the credit union's traditional business of personal loans.

These developments signaled a major change in organisational culture at Power. According to the Human Resource Manager the new regime encountered little opposition from the credit union's members, primarily because the credit union philosophy of mutuality had come to mean less and less to the customer base:

> I do not think it is important because it harks back to the days when everyone in the credit union knew that they had founded the credit union by being a member. These days in a community situation most people don't give a rats whether they are a member or not. 99.9 per cent of them don't show up for an AGM. We get 200 people if we are lucky and we have 28,000 members. I think that is a pretty good indication that the word member is meaningless to the person on the other side of the counter (Interview 26 July 2002).

A MSO at Power corroborated this interpretation:

> The customers don't see it any different I don't think. See I have called them a customer. I think even if they know they are members when they originally open an account they forget about that and for them they are the next person in that queue (Interview, 26 November 2002).

Longstanding employees remarked that it was easier to adhere to the notion of members as owners of the organisation when the credit union operated under a closed, industrial bond. As the Debt Recovery Officer remarked:

> When it was a closed bond it was a better relationship. When we had our bond we lent to mum and dad's kids. If the kids went off the rails I could ring mum and dad and dad would go and give the kid a kick in the arse and make him pay his way. Or because dad had so much pride he wouldn't let that loan go bad. He would pay it (Interview, 3 April 2002).

The credit union opened its bond in 1985 when it merged with another credit union that had already been operating under an open bond. The Debt Recovery Officer indicated that the opening of the bond, followed by the introduction of fee disincentives to 'low value' customers by the large retail banks, meant that Power had taken on many customers that the banks "were more than happy to pass on". One MSO felt that these newer members did not appreciate the difference between being a member and being a customer. She recounted how:

> We will say you're a member of the credit and if you weren't here we wouldn't exist but a lot of them don't see it like that. To them we are just a bank. And it is only when they say something about a bank and I say, "No! We are a credit union! (laughs) (Interview, 28 November 2002).

While there was virtually no abuse of workers by customers at Teachers, the Human Resource Manager at Power acknowledged that the widening of the customer base over the last few years had resulted in an increase in the incidence of worker abuse by customers:

> They are sworn at. They are abused. They have members who are not psychologically well. We have one member who has been seen lifting up her dress in a branch and wiping herself with the withdrawal slips. You know there are extremes that they have to deal with. They are threatened; we have had staff threatened by members; "Where's the money gone!" (Interview, 26 July 2002).

She argued that the abuse had very different causes to that experienced by retail bank employees. Whereas bank workers faced anger over rising fees and branch closures, the anger directed at Power employees was attributed chiefly to the credit union's changing customer base. The incidence of abuse, she noted, varied across branches and was more likely to occur in those branches (the majority for Power) located in areas of low socio-economic status. A Team Leader also commented: "I have got customers on the poverty line, people on the dole. The minute their dole isn't in there, they use beautiful language to you: 'You so and so, stealing my so and so money'. You get personal attacks that way" (Interview, 28 November 2002).

Power now services a membership base drawn from a predominately poor socio-economic region and the pressure to build a more profitable member-base through a focus on sales and away from service has seen a 'discourse of enterprise', with its emphasis on market forces (du Gay 1992: 619) replace the original 'discourse of mutuality'.

Holiday Coast Credit Union

Whereas management at Power has embraced a move away from the original principles of the credit union movement, senior managers at Holiday Coast claim a strong continuing commitment to the credit union philosophy of mutuality and co-operation.[53] This continued commitment is evident in Holiday Coast's expansion of its branch network under the CreditCare program. The preparedness to expand its branch network is part of Holiday Coast's stated commitment to serve the 'community'; indeed, Holiday Coast management used the concepts of member and community inter-changeably. During his interview, the General Manager repeatedly linked the 'the member' with the 'community': "The member is about the community, is about being part of this particular community, which is who the credit union serves" (Interview, 5 September 2002).

Holiday Coast management has drawn on a discourse of 'community' in order to reinstate some form of a 'bond of association'. As outlined in Chapter Six, the original credit unions that merged to form Holiday Coast were industry credit unions and members shared an 'industrial' bond of association. Research commissioned in December 1999 by Holiday Coast management showed that current members do not have a bond of association with the credit union. This research, conducted by the Financial Research Company, involved seven focus groups of Holiday Coast members. One of the key findings was that participants believed that the concepts of 'membership' and 'ownership' were not relevant to their relationship with Holiday Coast (Financial Research Company 1999: 7).[54] The consequences of this loss of

[53] Holiday Coast's commitment to re-establishing a branch presence in these towns makes it an interesting point of comparison with the community banks established by Bendigo Bank. Both Holiday Coast and Bendigo Bank use a discourse of 'community' to explain their business strategy of opening branches at a time when other financial services institutions are closing them.

[54] The members were drawn from the towns of Port Macquarie, Taree, Buladelah and Maitland.

member association are explained by the Maitland Branch Manager who recalled how different the idea of membership was prior to the merger of MCCU into Holiday:

> As a member you had direct ownership of not only the credit union but your own liability. With only 400 members all working in the same workshop you were more unlikely to default on your loans because of the pressure of owning that responsibility back to 399 people. You weren't [so much] a number as a customer. You were a member of a group (Interview, 7 January 2003).

In an attempt to recreate that sense of ownership amongst its 33,000 members, Holiday Coast's customer relations strategy is focused on the idea of belonging to a 'community' and creating a bond of association through "communities of interest" (Interview General Manager, 5 September 2002).

However, Holiday Coast management has found that creating a bond of 'community' is particularly problematic where services are being provided to diverse socio-economic regions within a wide geographic area. When Holiday Coast merged with MCCU, management had anticipated problems with the member base of MCCU and independent research conducted for Holiday Coast identified a high degree of resentment with the merger and a perception by MCCU members that they were worse off as a result of the merger (Financial Research Company 1999: 8). A Holiday Coast MSO, who had worked for MCCU at the time of the merger, remarked that a number of simultaneous events contributed to MCCU members' negative feelings about the merger (Interview, 7 January 2003). She recalled how a robbery had occurred just prior to the merger being announced and that this had led to a change in procedures including the introduction of screens into the branch separating members and workers. She said that rather than seeing the change as a security measure introduced to protect staff members, members had seen it as the 'new way of doing things' under Holiday Coast.

At the same time as the merger, Holiday Coast management had also introduced fees and charges and this was strongly resented by a member base that had never had any kind of transaction fee or charge on their accounts. The Sales Consultant recalled that:

> We were a push-over credit union; we didn't have fees and charges. But we couldn't operate that way and we had been told that there was legislation being brought in and fees and charges were going to happen and they probably thought it was better to do it at the same time. But members said since you merged with Holiday Coast you have gone to crap and we still hear it now (Interview, 7 January 2003).

Holiday Coast launched its new strategy in 1997 under the name "Servisim 2000". Ironically the focus of "Servisim" was sales. It was aimed at expanding Holiday Coast's product market and moving beyond offering simply a transaction service for members. This meant the introduction of fees and charges on Holiday Coast accounts for the first time. The General Manager offered the following rationale for the change:

> Quite simple financial statistics showed that we were was not sustainable. We picked up a lot of the bank refugees when the banks first introduced fees and charges. We were slow to do it because we thought, well, we are a credit union, so the mindset was totally different. We had at that stage something in the order of 75 per cent of our members as transactors only (Interview, 5 September 2002).

Since introducing fees and charges the number of 'transaction only' members with Holiday Coast has fallen from 75 per cent to 60 per cent.

An aspect of the new customer relations strategy at Holiday Coast that appeared to be at odds with the idea of a 'community bond' and the wider principles of the credit union movement was the move to member segmentation. The Maitland Branch Manager outlined how this worked:

> The member is being designated as a Gold, Silver or Member. Gold is a person that generates a certain amount of profit in their account per annum. The staff members will see this member is a gold member so that they not necessarily get better service but should they be getting better service than a person who is making a loss of $1,000 a year (Interview, 7 January 2003).

This member segmentation is exactly in line with the customer segmentation the large retail banks have focused on for a number of years. Indeed it seems to go further than the strategy of the large retail banks and seeks to exclude people who will not commit to being more than 'transactors' when they come into open an account. The Maitland Branch Manager explained:

> At the moment we are looking at people who open an account who don't want to sit down and do a member care relationship interview where we sit down and find out their financial status. If they don't want to do that and they only want a transaction account then we are pretty much saying to them that the credit union is not the place to be (Interview, 7 January 2003).

A Sales Consultant explained how this policy is negotiated with a potential new member:

> You say you can open the account by all means but you will pay for it. If it is an in/out account you will be paying lots of fees and you have really got to work out whether it is going to be feasible. So you pretty much have to talk them out of it (Interview, 7 January 2003).

The ability to recognise quickly the 'worth' of a member is facilitated by a new software package introduced by Holiday Coast into its branches. The Maitland Branch Manager explained that the software, called Prospero, enabled Holiday Coast management to "track what a member has done previously, what they currently have in products and services, who contacted them last time, the method of contact and what the nature of the contact was" (Interview, 7 January 2003).

The same credit union that has expanded its branch network under the CreditCare program to provide a 'front shop' service is now introducing 'cashless branches'. This is a further step in the strategy of discouraging 'transactor-only' members. Holiday Coast has now opened two 'cashless' branches. This may seem a misnomer for a retail banking facility but money can only be withdrawn via the ATM in the branch. Cheque deposits can be made and cash deposits are permitted only if the member has the 'exact' amount. Staff are said to be 'freed up' to focus on telephone selling and 'non-financial' transactions.

Member segmentation and the active discouragement of 'transactor-only' members would seem to contradict the wider principles of WOCCU that Holiday Coast claims to operate under. Indeed the General Manager referred to the governing principles of the credit union movement several times in the interview.[55] Other Holiday Coast managers sought to defend the apparent contradiction by arguing that

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[55] Contained within the nine principles of the world-wide movement are the following clauses: "Credit union members enjoy equal rights to vote and participate in decision affecting the credit union, without regard to the amount of savings or deposits or the volume of business" and "the credit union ideal is to extend service to all who need and can use it" (www.woccu.org accessed 14 July 2003).

their approach did conform to the credit union principles of 'mutuality'. For instance, the Maitland Branch Manager argued that:

> The original philosophy behind the credit union was to be mutually beneficial to each other. [Our approach] is not that far removed, there is a slight change in that original philosophy and now it is mutual benefit between the member and organisation (Interview, 17 January 2003).

Put simply, Holiday Coast does not want members who cannot benefit the organisation financially. The original credit union concept of mutuality was mutual benefit between members. For Holiday Coast, the objective is now mutual benefit between members and the organisation. The Executive Manager, Branch Operations, went as far as to say that the notion of the credit union as a 'not for profit' organisation was outmoded and that profitability was important in ensuring a 'mutual benefit' between the member and the organisation. The contradiction inherent in this thinking was apparent to one of the Sales Consultants who argued that:

> I think they [management] need to ask, "Are you in it for the benefit of the people or the benefit of your institution?". I always thought it was for the benefit of the people but now it is for mutual benefit. You hear all the time mutual benefit, mutual benefit (Interview, 7 January 2003).

Holiday Coast has sought to reshape the discourse of mutuality to reflect their emphasis on member profitability and the introduction of a 'sales' culture. Yet there are contradictions in management's approach. At the same time that Holiday Coast has participated in the CreditCare program and re-established branches in towns that are unlikely to generate revenue for the credit union (and will hence need to be subsidised by the rest of the branch network), it has also introduced member segmentation strategies that are aimed at identifying 'low-value' customers and encouraging them to consider providing the credit union with more business or taking their business somewhere else.

The different customer relations strategies of each of the case study credit unions highlights their different commitment to the credit union principle of mutuality. Each of the credit unions utilises the discourse of mutuality in very different ways: Teachers through a commitment to high levels of customer service; Power by replacing it with a 'discourse of enterprise' and an emphasis on sales; and Holiday Coast by recasting the idea of mutuality as mutual benefit between members to mean mutual benefit between members and the organisation. The following section considers how these differences in the way each credit union has drawn on and reshaped the credit union 'discourse of mutuality' have shaped their human resource management strategy and practice in distinct ways in each organisation.

7.3 Human Resource Management Strategy

The extent to which each of the credit unions has moved away from the traditional focus on member service and towards a sales culture is reflected in their human resource management processes. Korzcynski (2002) has identified how 'sales work' involves a more instrumental relationship between customer and worker, and when we examine the human resource management approach of the three credit unions, we see that the instrumental nature of sales work extends to a more instrumental approach to human resource management. At Power and Holiday Coast the move towards a sales oriented customer relations strategy has also involved a move away from what Rousseau (1998) has identified as a 'relational contract' between management and workers towards a 'transactional contract', with increasing links between performance and reward. Conversely, Teachers, with its strong commitment to 'member service', can be said to have maintained a 'relational' psychological contract between management and workers.

NSW Teachers' Credit Union

Of the 250 staff employed at Teachers approximately 16 per cent are employed on a part-time basis, while the remainder are employed on a full-time basis (Interview Human Resource Manager, 18 March 2002). The percentage of part-time staff is lower than the average for credit unions generally, which is 25 per cent. The majority of employees are women, with only approximately 10 per cent of staff being male. However, men dominate the senior positions in the credit union. This reflects the gendered division of labour in credit unions and in the retail banking industry generally where women are often consigned to front-line service positions because there is a perception that they are better suited to the service role.[56]

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[56] The extent of the gendered division of labour in retail banking is outlined in Chapter Four.

The notion of 'member not customer' and the emphasis on high levels of member service is reinforced by Teachers' human resource management strategy. The emphasis on service begins with the recruitment of staff and is reflected in the fact that the key selection criterion is excellence in service provision. As the Human Resource Manager explained: "We have to look for people with really good customer service skills; we then hone them into member service skills" (Interview, 18 March 2002). The selection process involves two interviews. The first incorporates structured behavioral questions and is intended to gather information about past work experience: "We look at the jobs they have had in the past, we love to get people who have worked at McDonalds or places that have instilled that teamwork and customer service sort of ethic" (Interview, Human Resource Manager, 18 March 2002). Candidates are also required to complete a questionnaire called a Work Attitude Scale: "They answer yes or no to 44 questions and it gives you an indication as to whether they are service focused, task focused, or like a mix. And we really look for people with a mix". There is an emphasis on finding people who share the Credit Union ethic and the initial interview is to ascertain whether or not the person "would be a good credit union person". The Human Resource Manager claimed that: "People who don't fit our ethics don't last". It is not until the second interview that skills relating to the specific job are assessed.

The dominance of the service ethic is further demonstrated by the fact that the Credit Union does not use sales targets: "Organisationally, informally we do have targets at the higher level, but the staff don't have individual targets. They don't have team targets" (Interview, Human Resource Manager, 18 March 2002). The Assistant General Manager for Marketing and Member Service explained that the absence of individual and team targets reflected a desire to maximise organisational equity:

> Why should staff working with members right up front have the opportunity to get things that others that are supporting them can't get? So it is the concept of member equality also going through to staff equality" (Interview, 17 June 2002).

She also noted that the Credit Union recognised achievement at an organisational level by hosting special employee functions and announcing achievements in the staff newsletter. Targets were also seen as being incompatible with the organisation's emphasis on service. The absence of targets marked a strong point of contrast with human resource management practice in the major banks. A MSO compared his experience working for one of the large retail banks to working at the Credit Union: “It is not like a bank. Banks are very hard sell. You have got to sell at all costs, whereas you just automatically do it here; it is a very soft sell. We are not made to do it but we do it anyway” (Interview 14 August 2002).

While Teachers does have a performance-related pay scheme, it is very limited in scope. Under the scheme, those staff members whose “overall performance is assessed by their manager as above the required standard” receive one per cent of the total salary pool as a bonus (Interview Human Resource Manager, 18 March 2002). The Annual Reviews are conducted on each worker’s anniversary date (NSW Teachers Credit Union EBA 2000, F1109). The MSOs placed little emphasis on the performance component of their pay. One MSO commented: “We do have a performance review once a year and if the manager thinks that your performance is OK then there is a certain percentage of rises. It is not much, just a little bit, but our wages are pretty good so nobody worries about all those things” (Interview, 14 August 2002).

The emphasis on service is also reflected in the extensive training provided to Teachers’ employees. The initial orientation program, which runs for five days, covers the history and philosophy of the credit union, legislative requirements, products and services, human resource management policy, and the philosophy of membership. One MSO remarked that the week-long orientation focused much more on the philosophy and history of credit unions than on product information: “For the week that we have the orientation it is about telling the difference between credit unions and banks and our role in the financial services industry and the history of credit unions and stuff like that. So it is a lot on that and a little bit on products” (Interview 14 August 2002). A week after the initial five day orientation employees participate in a further one day training course called “Member Service Excellence’, which focuses on instilling credit union values and ethics and member service particularly in relation to servicing the needs of teachers (Interview, Human Resource Manager, 18 March 2003).

There is also ongoing ‘on the job’ competency-based training. Workplace assessors accredited by the University of Technology, Sydney, oversee and assess the workplace training. Employees are also given access to a range of other courses. The

Human Resource Manager explained that the emphasis on training at the credit union reflects the influence of teacher members: "They focus a lot on training because they are an educational membership and to them training is important" (Interview, 18 March 2002).

In addition to its employees, Teachers also relies on a body of volunteer 'workers' and this also sets Teachers apart from other retail banking institutions in Australia. Since its inception, Teachers has relied on the work of volunteers, not only at the Board level, but also as representatives in schools. A major factor enabling Teachers to operate without a branch structure has been the fact that it has been able to establish a physical point of reference through the school system and to rely on volunteers in public schools to promote and maintain links for teachers with the credit union. This reliance on volunteer labour is an example of customers acting as 'co-producers' in the service exchange. As discussed in Chapter Two management may engage customers as active participants in the organisation's work, in effect treating the customer as partial employee (Lengnick-Hall *et al*, 2000). The Teachers Credit Union relies on these 'partial employees' to co-produce the service. As Judy Brady, a volunteer representative explained, virtually all public schools have a volunteer credit union representative: "In every school I have worked in somebody does that role. That has always been one of the jobs that we discuss at the beginning of the year and someone puts their hand up. People volunteer to do it" (Interview, 29 November 2002). According to Brady, the role is one of disseminating information and acting as a point of contact for the credit union with the school:

> Well you collect all the mail. You distribute any material that the credit union sends out. I am also the liaison person. The credit union contacts me and come round two or three times a year and talk to the staff. Someone will phone me up and say what time is your recess, what would be a good day to come and they will come and I will publicise the fact that the credit union representative will be there and gather people together.

Volunteers receive no training from the credit union. The Assistant General Manager of Marketing and Member Services quipped that "there are reps out there who want to collect their annual mug and have a series of mugs" (Interview, 17 June 2002). They are also invited to a cocktail party once or twice a year to thank them for their efforts on behalf of the credit union. These volunteer representatives in the schools maintain a physical presence for the credit union and help to reinforce the historical and industrial links of the credit union.[57]

In sum two aspects of Teachers' human resource management strategy set it apart from nearly all other retail banking providers: firstly, its reliance on volunteer labour, and secondly, its continued commitment to a 'relational' human resource management approach with its paid workforce. Teachers' has maintained a commitment to a 'relational' human resource management approach that places considerable emphasis on training and development, rewards that are not performance-based and a work culture centred on a high level of mutual interdependence. This 'relational' approach set Teachers apart from most other financial institutions, including, as the following sections show, Power and Holiday Coast.

Power Credit Union

Power managements' initial, somewhat cautious approach to the new 'sales' focus was reflected in their attempts to maintain a 'relational' human resource management strategy despite an increasing emphasis on sales. Initially the human resource management strategy simply involved the introduction of team targets with modest team-based rewards. A sundry account was set up in each of the branches, the monies to be used for morning tea supplies, reward lunches and promotional materials. Branch team leaders set the promotion focus and targets. This incremental shift towards sales targets was accompanied by 'change management' training for team leaders and changes in title for all staff. Branch Managers' titles changed to Team Leaders and Member Service Officers became Member Sales Officers. According to the Human Resource Manager the new nomenclature was "very powerful in terms of mental shift".

The Human Resource Manager also altered the organisation's recruitment policy to facilitate change in the organisation. As she posited: "One of the other challenges that goes with bringing about that cultural shift is who you recruit" (Interview, 26 July 2002). Whereas previously the focus was on recruiting

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[57] Mini-fares are run at schools and members invited to come along. More frequently members in a region will be invited to come along to a free barbecue and "enjoy the casual and relaxed atmosphere in which to conduct their financial business while they enjoy a full barbecue meal" (*Chalkboard* 2003: 9). In 2003 the Credit Union hosted six mini-fares and 44 such barbecues.

individuals with clerical processing skills, the emphasis is now on recruiting people with sales skills.

To date, recruitment practices at Power have led to a workforce that is highly gender segmented. All the executive positions, apart from the Human Resource Manager, are held by men, and only six men are employed in positions below the middle management level. In the middle management roles there is only one women, the Loans Manager. The FSU Delegate graphically illustrated the gendered nature of work at Power:

> Our loans manager who started with us as a trainee she is lovely, she is the brightest most intelligent young woman I have come across. The rest of the middle type managers are all men. You have to have a willy to get anywhere in this place.

As at Teachers, Power management also place an emphasis on training but the training serves a much more instrumental purpose. All staff interviewed commented on the extensive training offered, however, the training is focused very much on developing 'sales skills'. The initial sales training focused on "[a] mental shift of moving from service to sales and getting people to realise that sales wasn't a dirty word" (Interview, 26 July 2002). The second stage of the training focused on "personal sales skills and was about building relationships with people for the purpose of selling. The Human Resource Manager held the view that developing personal relationships so that you can sell to the member, "fitted nicely with the credit union philosophy of member service" (Human Resource Manager, 26 July 2002).

The most recent development in the sales strategy and training program has been a concentration on telephone sales and closing sales.[58] All MSOs are taken off the counter for an allotted time each week (approximately 1.5 hours) to conduct telephone sales calls. None of the MSOs interviewed were comfortable with this new component of their role. Although they understood the need for the credit union to become more sales focused they disliked being taken off the front counter work to make sales calls.

[58] This emphasis on telephone sales has had a limitation placed on it by new regulations under the *Financial Services Reform Ac (2000).* The Act contains an anti-hawking provision, which means organisations cannot 'cold call' non-members and they cannot call existing members for selling purposes unless specific permission to do so has been given by the member.

Three years after the initial shift to a sales focus the targets were altered from being solely team-based targets to a combination of branch and individual targets. The targets continued to be set at the branch level by the team leader but the promotional plan became a credit union wide strategy. From February 2002 on the individual targets have been linked to salary. The Human Resource Manager explained the change in the following terms: “In our last Enterprise Agreement we actually got a shift from an across the board increase to a three per cent across the board and a one per cent performance pool” (Interview, 26 July 2002).[59] While the new focus was on meeting sales targets, the performance appraisal system also incorporated service behaviour and objectives. The key performance criteria incorporated in the performance appraisals were:

- work within a retail financial services context
- building member relationships
- develop, present and negotiate solutions for members
- conduct promotions for sale of products and services
- workplace communication
- work as part of a team
- self management
- balance cash holdings and maintain ATM services.

Staff were now to be rated on a scale from 1-5, with those staff achieving a 3.5 or better being eligible on a proportional basis for a share in the performance pool.[60] Apart from the annual performance bonus, each branch had a pool of money to be distributed as a monthly sales incentive. An MSO explained how this worked at her branch:

> We can get gift certificates here from the centre but she (the Team Leader) makes us spend them on ourselves. Like if she sees that we have brought the weekly groceries with them she won’t give them to us again (laughs) (Interview, 26 November 2002).

The response from MSOs to the new system of performance-related payments was very mixed. Some had a positive response, as illustrated by the following remarks:

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[59] Management had pushed for a two per cent across the board and a two per cent performance pool but staff wanted the 3: 1 split.

[60] A rating of 3.5 entitled the staff member to one unit share, 4, two units, 4.5, three units and a 5, four units. In the first round only one staff member rated a 5. One unit equated to $200.

> I mean, I have worked for many years and I think it is sad to see a structure where everyone just gets the same increase regardless of whether you do your job or whether you bludge and have a million and one sickies, because they know that they are going to get the same as you. I think it is nice to see that it is changing and that people get rewarded for doing a good job (Interview MSO, 26 November 2002).

Others felt that linking the salary increases directly to sales targets had increased work levels and stress: "It has stressed me a lot. Yep - tomorrow is the end of the month [and] I have gone through, I have done all this, have I got enough. Because at the very end it means a pay rise" (Interview MSO, 28 November 2002).

At one of the branches where interviews were conducted the move towards a sales culture had had a negative impact on team morale. Some employees were more proactive in seeking sales and this created internal tensions. As one MSO lamented: "People get a little bit jealous of you because you make more of an effort to get off that counter and get on the phone and other people don't like that so much and they might get a bit annoyed with you because they are then left on the counter" (Interview, 28 November 2002). This was confirmed by another interviewee, who remarked:

> There have been times when I have had to say to the girls, "OK it is Thursday morning and it is quiet and so I am going to make my phone calls, and others have mumbled under their breath, "Well I am never going to get anything am I!" And that makes you feel very bad. But you know you have got to go out there and do those phone calls (Interview, 28 November 2002).

These two MSOs had been repeatedly awarded the monthly sales award of a $70 gift voucher and this appeared to have caused a great deal of resentment with other staff in the branch.

At Power the shifting discourse from member to customer has been accompanied by a shift from service to sales and to a more 'transactional' approach to human resource management. While Power has invested significant resources into training, it has focused primarily on sales training and rewards have become increasingly linked to sales performance. While the introduction of sales targets has caused some tensions amongst team members, staff were ambivalent about the shift from service to sales and this may be attributable to the cautious approach taken by management in introducing the changes.

Holiday Coast Credit Union

In the shift from a 'service' to 'sales' culture Holiday Coast management adopted a more thorough-going approach than that taken at Power. Holiday Coast human resource management strategy entailed many aspects of a 'transactional' approach, with an increasing emphasis on individual sales performance and decreasing levels of commitment to employees. Changes in human resource management strategy were instituted by middle management, with the human resource management staff at Holiday Coast providing more of a support function.

Senior management at Holiday Coast were extremely frank in expressing their desire to institute a performance-based work culture: "If their performance doesn't improve they won't be staying there for very much longer. It is either improve and we give them all the resources and all the help, or go". A MSO recalled how management's position had been put to staff: "We had a meeting and were told that if people get offended about our new moves then good because we want to get rid of the deadwood" (Interview, 7 January 2003). It appears that a significant proportion of Holiday's staff have taken the option to leave. In the financial year 2001-2, 25 per cent of Holiday Coast's employees left the organisation. This turnover has slowed but is continuing, as the Executive Manager, Branch Operations commented: "A number of them are saying you, were right, I don't fit in and they look around for another job".

For some of those who had stayed the changes had resulted in considerable stress. Several interviewees reported having to take sick leave and feeling very uncomfortable about this. One MSO commented:

> There is the stress from the sales; we have to be thinking, thinking. Then we get stressed if we get sick. Who can cover us no - one. It really scared me and I haven't been right and I kept getting sick all the time. I feel like I need to go to the toilet all the time. I would think about work and almost start crying.

When she reported how she was feeling to her manager he organised for her to see a psychologist. She reported that the psychologist had asked: "Do you think your talents are being wasted here?" but as she said, "It was nice what he said but, despite whether my talents are wasted here or not, I am still here to do a job".

Management does not see itself as being responsible for addressing the problems associated with the shift from a service to sales strategy, rather, the problems are pushed onto the employees themselves. Those employees who have problems adjusting to the new culture are seen as lacking the personal characteristics necessary to do so. They have been provided with sick leave and counselling, however, as Sturdy and Fineman (2001: 143) argue, the provision of leave and counselling services, in effect, "aims to re-manufacture consent and reproduce the extant organisational order".

The reasons behind the workers' inability to adjust to the change are much more complicated than Holiday Coast management appears willing to acknowledge. There is little recognition that finding time to sell is difficult in branches that employ only one or two staff members. Staff in these branches are required to make time in their working day to make 'sales' calls to current branch members. MSOs complained that finding the time to make these calls can be difficult. A MSO who operates a branch single-handedly explained:

> The thing with doing any outbound calls, like trying to drum up business with phone calls, it is really hard for me to do on my own as well because I have got to help the person that comes through the door. It makes it very hard here because every month I don't meet targets (Interview, 10 October 2002).

Indeed, the interview itself had to be conducted at the front counter of the branch and, as if on cue, a customer walked through the door the instant this statement was made. The pressure on MSOs was also evident in another branch visited. The branch was extremely busy and it was impossible to conduct the research interview without interruption.[61] The time pressures on these smaller branches makes the achievement of sales targets on top of their traditional service role difficult.

The mode of performance assessment at Holiday Coast also changed in line with the new 'sales culture'. As at Power, these changes had been accompanied by a change in title for MSOs. Their new title was Sales Consultant, however they continued to refer to themselves as MSOs. Although staff are employed under the Credit Union Award, this provided only a baseline. Staff performance is evaluated

[61] At one stage the Sales Consultant being interviewed had to help 'serve' members at the front desk and it was possible to observe the high level of customer service skills demonstrated by both Sales Consultants. During this time a very irate man came into the branch. The Sales Consultant was able to pacify him and have him laughing and telling her about his grandson by the time he had left the branch. However, these skills are receiving less and less recognition within the organisation.

under the 'Hay system' where performance is assessed against pre-determined criteria. The Maitland Branch Manager explained how Holiday Coast used a combination of award rates and performance-based pay:

> We work on the Hay system … everyone starts off their position at 80 per cent - 80 per cent of any job profile that we have achieves a minimum award. If you have achieved all your goals and targets then you work progressively up to 100 per cent. If you exceed all your targets and goals you go above the 100 per cent up to 120 per cent of the position. And your remuneration increases from there, so performance is directly related to remuneration (Interview, 7 January 2003).

The General Manager estimated that less than 15 per cent of staff received only the award rate of pay. He explained that those still receiving the award rate were those who had failed to make the shift from a service to a sales culture:

> We call our staff Sales Consultants or Senior Sales Consultants, but to be a sales consultant they have got to be competent in selling any product, even to the extent of being involved in lending. Now that is a mind shift in terms of where it was. I would say that my only staff that are on the award are those that haven't moved in terms of their thinking. They are still the old cashier (Interview, 5 September 2002).

In effect, being paid above the award minimum is largely about meeting nominated sales targets. So keen was one of the MSOs to explain the changes that she went through her performance review during the interview. She explained it was a "typical Sales Consultant appraisal". The performance appraisal weighted the roles as follows: "Actively promote and sell credit union products - 85 per cent, Efficient cash control - 10 per cent, and Provide support to the branch manager and smooth running - 5 per cent". Clearly the emphasis is on selling and there is no component for member service in the appraisal.

At the time the research was conducted, branches had only recently moved from branch targets to individual sales targets. One of the MSOs welcomed the move to individual targets, reasoning that: "We initially had branch targets and we found that some members of the team weren't contributing as much as they should. Some of us found it quite hard that other people would actually slacken off" (Interview, 7 January 2003). However, most did not like the move to individual sales targets and some found it very stressful.

The major source of concern by employees was the anticipated detrimental effect on teamwork. One MSO observed: “We had branch targets before and we worked as a team which was really good. I think it becomes a bit cut throat when you have individual targets and I think it does interfere with the team atmosphere” (Interview, 10 October 2002). MSOs in small branches operating with only a couple of staff members argued that the move from branch targets to individual targets did not recognise the team work essential in running a smaller branch. A MSO recounted how, “one of our branches just open up one program for recording their sales and they take turns – one day all the sales will go to one staff member on the next day to the other because as they have stated time and time again they are a team and that is the way they operate” (Interview, 10 October 2002). This reshaping of the rules by the MSOs reflected their collective approach to reward as opposed to management’s attempts to individualise performance targets and rewards. As one of them stated: “We work as a team regardless of what happens. It is a team effort and you are not going to split us regardless of what way it is going” (Interview, 10 October 2002). Their cynicism over the sales targets and the way they sought to circumvent the new system led management to label these branches as the ‘problem branches’.

These ‘problem’ branches are located in the southern region of Holiday Coast area of operations. The workers believed that any ‘problems’ these branches experienced in meeting targets was a result of geographical unevenness in the credit union’s sphere of operations. Staff in the Southern Region differentiated themselves from those in the central and northern regions; they felt themselves to be “cut-off” from the rest of the organisation in a number of ways. One MSO commented: “We roughly run our own show. But communication isn’t the best” (Interview, 10 October 2002). Another remarked: “We do feel separate because they have divided up the regions. There is northern, central and southern. So sometimes we do feel left out” (Interview, 10 January 2003). Another MSO complained that: “I don’t think they actually understand the different demographics of a town like Stroud compared to Port Macquarie. They don’t take that into account” (Interview, 10 January 2003). The Executive Manager Branch Operations acknowledged that staff in the southern branches did feel disconnected from the organisation. He said: “As much as I keep telling the executive team to pop in, they don’t. It doesn’t upset me but it does the other staff" (Interview, 6 January 2003). There was more to the notion of separateness than a feeling of not belonging.

Senior management at Holiday Coast appeared blind to the difficulties the front-line service officers faced in trying to implement the new customer relations strategy with its emphasis on attracting 'profitable members' and selling products. They provided training to assist workers making the transition but their approach failed to recognise the constraints on workers seeking to meet the new sales targets.

In relation to HRM strategy and practice, therefore, the three case study credit unions occupy different positions along a spectrum. At one extreme, Teachers ongoing commitment to a discourse of 'mutuality as equality' was reflected in a 'relational' human resource management strategy that emphasised a high degree of mutual interdependence, not only between management and workers, but also members of the credit union. At the other extreme, Holiday Coast had adopted a 'transactional' approach to human resource management with an increasing emphasis on workers achieving individual sales targets and increased links between sales performance and rewards. In addition, there was decreasing commitment to staff who found the shift from service to sales difficult. Between these two extremes, Power had adopted a much more cautious approach to the introduction of a 'sales culture' and a more moderate 'transactional' approach to human resource management. So that while individual performance rewards had been introduced there was a continued emphasis at the branch level on teamwork and mutual interdependence, although this was being placed under pressure by an increasing emphasis on sales training and meeting targets.

7.4 Industrial Relations

The different human resource management approaches taken by the three credit unions had implications for industrial relations practice and outcomes in the organisations. The evidence presented in the following section indicates that the 'relational' approach taken by Teachers management resulted in high levels of worker satisfaction and conversely decreasing levels of union density. At Power the shifting customer relations and human resource management strategy had some unexpected results in terms of union density. The 'transactional' approach taken by Holiday Coast led to small increases in union density and decreased levels of employee commitment.

NSW Teachers' Credit Union

In 2002 Teachers employed approximately 250 staff under an Enterprise Agreement. As indicated in Table 7.1 wages and conditions in Teachers are high by industry standards, in part because historically they have mirrored those of teachers. The Chair of the Members' Committee explained:

> It goes back to a philosophy of the Board many, many years ago: the workers had the same conditions of employment in the old days as teachers did. The whole basis of the treatment of things like maternity leave and all those sorts of conditions, other than holidays, really come from being a Board thinking that those people employed by us should have the same conditions as we do as teachers. (Interview, 16 September 2002).[62]

However, the Human Resource Manager argued that the comparatively high wages paid by Teachers reflected the "culture of the organisation and the commitment to the staff" rather than being a flow-on from the industry association with teachers (Interview, 18 March 2002).

Table 7.1
Base Salary Comparisons of Front-line Service Workers in Credit Unions, the CBA and Bendigo Bank, 1998-2000

Institution	Agreement	Position	Salary range
NSW Teachers' Credit Union	Enterprise Agreement March 2000	Member Service Officer Grade 3	$33,654 - $38,086
Power Credit Union	Enterprise Agreement (Union Negotiated) July 2000	Customer Service Officer Grade 3	$28,928
Holiday Coast Credit Union	Credit Union Award 1998	Credit Union Officer Grade 3	$27,035
Commonwealth Bank	Enterprise Agreement 2000	Customer Service Officer GC3	$29,795 - $31,984
Bendigo Bank	Certified Agreement 1998-2000	Customer Service Officer Grade 3	$25,934 (as at 2000)

Source: Relevant agreements accessed via www.wagenet.gov.au.

[62] The connection between wages and conditions in teaching and those for employees in the credit union has weakened overtime. The Human Resource Manager commented: "When they first set up the credit union and we had our first staff employed, it was a natural progression that they would get teaching conditions. So our staff used to get 22 sick days and all of those other things. Over the years however we have moved away from that and we try and I suppose place ourselves more as a financial institution as opposed to an arm of teaching" (Interview, 18 March 2002).

The percentage of Teachers' employees belonging to the FSU is in line with union density rates in the four major banks. Union density across the four major banks is approximately 48 per cent. At Teachers 52 per cent of employees belong to the FSU (Interview, FSU Delegate 18 March 2002).[63] However, rates of unionisation at Teachers have been declining in recent years, peaking during the negotiating round of the first EBA in the early 1990s, but subsequently falling away, partly because a pre-requisite for involvement in such negotiations has ceased to exist. The Human Resource Manager argued that this was in part because levels of worker satisfaction are very high amongst staff and they may not see any advantage in belonging to the union. In line with Teachers overall union membership rates, half of the MSOs interviewed were members of the FSU. However, none of these MSOs expressed strong feelings either way about union membership and none anticipated needing to call on the union because they were happy with the "way management did things" (Interview, 14 August 2002). The Human Resource Manager noted that the staff are surveyed every two years and asked 85 questions relating to all aspects of their employment experience including, training, equity provisions, salary, conditions and general employee satisfaction information. She pointed out that 98 per cent of staff expressed strong agreement with the statement: "I am proud to work for this organisation". These claims of worker satisfaction are supported by the relatively low rate of turnover at Teachers. Rates of staff turnover in the credit union are around 11 per cent compared to an industry average of 22 per cent (Interview Human Resource Manager, 18 March 2002).

The historical links with teachers has positively influenced wages and conditions at Teachers in the past, but now the biggest influence on the employment relationship comes from the generation of a 'service culture' within the credit union. This has meant that wages remain comparatively high but that rates of unionisation are declining. A positive relational psychological contract between management and workers has resulted in lower propensity to union membership amongst Teachers' employees. The following section shows that at Power the move to a 'sales culture'

[63] The union representing public school teachers, the Teachers' Federation, often call on the members of the FSU employed at Teachers to support them in their campaigns, by going out in support during stop-works and strikes. However, the FSU delegate at Teachers reported that the FSU members do not see any connection between themselves and the Teachers' Federation and they have never supported a teachers' strike.

has in some way led to some unanticipated changes, including an increase in union density.

Power Credit Union

In 2003, 85 per cent of Power employees belonged to the FSU, a higher union density rate than that of Teachers and a much higher rate than the 19 per cent union density across the credit union movement overall. As at Teachers', the majority of these members joined the union during negotiations for the initial EBA in the late 1990s, however, rates of unionisation have remained high. This could be attributed in large part to the extent of the gains made on behalf of the workforce at Power by the FSU. The FSU delegate explained that initial negotiations were quite fraught:

> We actually had to go on strike to get anywhere with our company because my boss thought we were all his little children and he looked after us. He thought that but he didn't. My boss is lovely, but he thought that he was doing us a favour giving us a job. He used to call us his girls; he still does it. I am not his girl (Interview, 3 April 2002).

The 'old credit union culture' was accompanied by a very paternalistic attitude on the part of the CEO to staff. As the senior management team set out to move the staff away from a focus on notions of mutuality towards a focus on the credit union as a competitor with the banks, the staff began to challenge other aspects of the employment relationship that were a legacy of their history as a small, industry specific credit union, in particular wages and conditions. Employees at Power had been employed under the Clerks' Award until 1995 when they moved to the Credit Union Award. In 1997 employees moved onto an EBA after the FSU was called into the organisation by disgruntled staff. As the FSU Delegate explained:

> Now we are on an Enterprise Bargaining Agreement. That is what we wanted. We never, ever used to get a pay rise. We had girls when we first went into our first EBA that had been there for 12 years and never, ever had a pay rise. That is probably why we all stuck together (Interview, 3 April 2002).

As Table 7.1 above indicates the EBA has brought Power workers in-line with the industry standard.

The changes introduced by management at Power have had the unintended consequence of increasing union density. It is not that the emphasis on sales and the shift to a transactional approach in human resource management strategy has led directly to employees at Power joining the FSU. Rather, at the same time that management began to change the front-line workers' orientation from service to sales, workers began to challenge the paternalistic attitude of management that had led to them being so poorly paid and had joined the union as a way of increasing wages and improving conditions.

Holiday Coast

At Holiday Coast an increased industrial awareness on the part of some employees is attributable much more directly to the introduction of a 'sales culture' and the much more 'transactional' approach to human resource management. Holiday Coast management did not link the increased levels of union membership and decreasing levels of employee commitment with the changes in customer relations and human resource management practice. Rather, they argued that the problem lay with the attitudes of 'ex-bank' staff employed in some of their branches. The General Manager explained that Holiday Coast had moved quickly to establish branches under the CreditCare program after the major retail banks withdrew and that in order to do so they had recruited some staff who had been bank employees. This, he believed, had been a mistake:

> With the Creditcare branches we took the bank staff. Now initially that was positive and it is probably fair to say that the very fact that those branches were on the hit list of the ANZ was probably because the staff were not prepared to look for the business. So I recognise now that our hardest struggle has been in converting some of those staff (Interview, 5 September 2002).

The employees in these branches offered a very different explanation. They indicated that their hesitation in embracing the new 'sales culture' derived from their prior experience of such practices in the banks. As one MSO explained her response:

> The ANZ was a cut-throat world and we didn't want that to come here. We had already been through that. Race to do that, and do that, so that you can get that bonus and get that pay increase. We just didn't want to see that happening; we know each other too well. We didn't want that coming between us or the branch (Interview, 10 October 2002).

It was their ex-bank status that set these workers apart from other Holiday Coast employees, with their previous work experience shaping their responses to the changes being introduced by Holiday Coast.

This also meant they were more likely to be members of the FSU. According to management, only 10 per cent of Holiday Coast's 107 employees belonged to the FSU. Most of the Holiday Coast staff that belonged to the FSU were those ex-bank staff employed in the CreditCare branches. As one of these workers explained:

> The credit union is anti-union. When we joined all ANZ members were union members so we still stayed with the FSU. They wouldn't actively encourage it. It was sort of frowned upon when we first join the credit union that we were union members (Interview, 10 October 2002).

This was confirmed by the General Manager, who remarked: "No, no we had very little union. In fact, the numbers would have increased when we absorbed the bank staff. They were all union members" (Interview, 5 September 2002). Yet, some of the workers originally employed by MCCU had also been union members, while others had only recently joined in response to the changes going on at the credit union:

> I only joined up a couple of months ago. I called them up and said I thought it was important that I join because of all the threats that have been going on …. When I spoke to them on the phone they were really lovely and I feel more comfortable being in the union than not (Interview, 10 October 2002).

Interviewees who had recently joined the FSU appear to have done so as a way of providing some kind of protection against the changes being introduced by management and because of the threats to their jobs explicit in management's comments about "getting rid of the deadwood" (MSO Interview, 7 January 2003).

In all three credit unions, then, there is a clear link between levels of worker satisfaction and levels of unionisation. At Teachers where worker satisfaction (as reported by the Human Resource Manager, and outlined by the staff interviewees) was very high, rates of unionisation were falling. At Power, rates of unionisation had increased dramatically due to worker discontent with wages and conditions at the credit union and management's paternalistic attitude. At Holiday Coast were employee dissatisfaction was also strongly in evidence, a significant percentage of employees have left the organisation in response to the changes being introduced, while, a small number have joined the union as a way of resisting these changes.

7.5 Worker Identity

The need to resist the changes being introduced by credit union management is not simply about resisting changes in discourse and strategy that affect workplace practices and processes. As this section of the chapter highlights, the need to resist can manifest itself in less overt ways and can be about protecting a valued sense of identity.

NSW Teachers' Credit Union

All MSOs interviewed were very positive about working for Teachers. They emphasised how satisfying it was to work for an organisation that shared their ethic of service. As one MSO stated: "When I came to the credit union I just came part-time because I was going to retire and I couldn't believe the level of service that they gave and I thought well I am back in my element now; this is what I enjoy, giving customer service" (Interview, 14 August 2002). This MSO was one of only two male MSOs employed by Teachers.[64]

Often the characteristics associated with service-sector jobs are viewed as an extension of women's traditional work roles and there is a perception that women are better suited to these roles (Bulan *et al*, 1997: 236). Yet this perception was not held by management or workers at Teachers. It was argued that the male MSOs at Teachers were committed to delivering as high a standard of member service as were their female counterparts. In fact, the Human Resource Manager, the Member Service Supervisor, and other MSOs all commented on how committed one of the male MSOs was to delivering outstanding member service. His Supervisor remarked:

> He is worth gold that gentleman. The things he has done [for members] you wouldn't believe. He loves his job, he loves people. He lives at Horsfield Bay, which is right up the Central Coast; he has caught trains to different places and dropped things off. He is unreal, unbelievable (Interview, 14 August 2002).

Bulan *et al's* (1997) study of interactive service workers in health and banking suggests suggests that the performance of the service role and the satisfaction a successful interaction with a customer brings may be similar for men and women but that the way the service role adds to the construction of worker identity may involve

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[64] These two male interviewees were the only male front-line service providers interviewed across all the case study organisations. There were no male front-line service providers in either of the other two credit unions nor in the four case study community banks.

gender differences. While both male and female MSOs at Teachers gained satisfaction from the service component of their roles, and both male and female interviewees were committed to delivering high levels of member service, the way that the interactions with members helped to construct their identity as workers appeared to differ. Whereas the female interviewees talked about the service component of their roles in terms of their *personal* identity, the male interviewees spoke about it in terms of their *professional* identity.[65]

All interviewees emphasised that keeping members satisfied was the most rewarding aspect of their work and that this was a key ingredient of their identity as workers. As one MSO indicated: "The fact that someone says, 'Thank you very much for giving me that information', or 'Thank you very much for helping me today', that is all I need. It makes my day; I am happy with that". The Member Service Supervisor observed that all the MSOs were motivated to provide 'excellent' member service. For MSOs at Teachers 'the member' evoked concepts of equality, ownership, belonging, warmth and influence. The most pervasive of the metaphors used for the concept of mutuality was 'equality'. The Member Service Supervisor expressed the view that: "When you talk as a customer I think that creates a 'them and us', whereas if you say you are a member it is a part of us. Like we are working with you, not for you" (Interview, 14 August, 2002). An MSO reiterated this belief: "They own the credit union they are a member of us. They are not one of our customers. So we are all equal" (Interview, 14 August 2002). This notion of equality was part of the ethical framework the MSOs operated from and was shared by all the MSOs interviewed.

The concept of equality amongst members was also linked with the concept of equality amongst employees at the credit union as well. One MSO commented: "All the members are the same. Like I said they all have one share each, so everyone is equal here, even the staff" (Interview 14, August 2002). This was reiterated by an MSO who observed, "That is what is great; we are all level. We have management and supervisors but it is not a 'you and us' thing. We are all the same level" (Interview, 14 August 2002). At Teachers, then, the discourse of mutuality and the concept of customer as member have been embraced by both management and

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[65] It is, of course, not possible to draw any conclusions from such a small sample size but the evidence from the interviews does point to an area for further research.

workers and they have maintained this commitment through a notion of 'mutuality as equality' which resonates not only in terms of their relationships with customers but also with each other. Teachers, then, exemplifies the three-way nature of the service relationship, the importance of all three parties to the relationship, a positive relational psychological contract, and the close association of identity between service provider and service recipient.

Power Credit Union

However, at Power the shift from a service to a sales culture has constructed members as 'profit-sources' and this change has given rise to tensions in employee thinking because it runs contrary to their notion of 'service' and their concept of their role as 'member *service* officers'. The MSOs' reluctance to embrace the new sales culture arose in large part because it required them to think about the credit union members in a different way. Members were now sales opportunities as opposed to service recipients. As one MSO lamented:

> You think in a different way. You don't want to hassle with the little tiny things when you know the next person is standing there with an insurance policy and your target is to try and get that person. I want to treat the person in front of me like I normally would and not think, oh God the next one is really important; I want to get it before the other [MSO]. I am feeling that the next person is more important than the person in front of me. I don't like that! (Interview, 28 November 2002).

Frenkel *et al* (1999: 228) suggest that in sales roles, workers relate to customers in primarily instrumental rather than empathetic ways and that sales workers have considerable autonomy in defining their interactions with customers. Further, they argue that because sales workers know they will receive commissions based on customers' purchases, they are unlikely to smile at customers through "gritted teeth" (*ibid*). The experience of the workers at Power is that the sales function does *not* offer another incentive to provide "service with a smile!", as Frenkel *et al* suggest. Rather, the sales role and the link to pay outcomes hinders them in offering the kind of service they wish. The low incentive from sales-related rewards may owe something to the relatively small size of the 'performance component' of their wages. However, as the interview evidence suggests, the low level of enthusiasm for the sales culture also derives from the fact that having to view each member as a sales opportunity conflicts with employees' values and sense of self. Drawing on Korczynski *et al's* (2000) concept of "embodied" and "disembodied" customers, it is possible to argue that the workers at Power preferred to identify with an "embodied, individual" *member* rather than the "collective, disembodied" *customer* promoted by Power management. The following comment from the Debt Recovery Officer at Power highlights how workers prefer to connect with customers as complex individuals and not simply as impersonal transactors:

> I had a call a week ago: the fellow's mum has passed on and they were the most difficult members in the credit union. The son used to nick her pension now and then. Bit of a drinker but he used to look after his mum. He rang me and told me he was going to kill himself and I talked to him for a while and told him, 'don't be silly' and talked him through it. I checked his account the next day and made sure he had drawn some money out – he had. But I have the girls in the branch that he comes into keep checking to make sure that he is alright (Interview, 3 April 2002).

Korczynski *et* al (2000) noted that the tension between workers' "embodied customer" and managements', "disembodied customer" led to a degree of conflict and resistance. At Power workers resisted by refusing to take on the new titles assigned to them. All Member *Sales* Officers interviewed continue to refer to themselves as Member *Service* Officers despite the name change two years previously. For them, continuing to call themselves Member Service Officers meant that they had not succumbed entirely to the managerial focus on sales above service. This was particularly true of longer serving staff, who had the greatest difficulty accepting the new emphasis on selling. As one Team Leader stated:

> We are becoming much more sales-oriented and probably one of the biggest complaints as far as our staff goes - that is the long term staff - is that they came here 10 years ago to be member service officers not sales people and they feel that it is taking a lot of the member service away (Interview, 26 November 2002).

MSOs interviewed at Power offered a range of responses to the new emphasis on selling. Responses ranged from total discomfort with the change, reflected in such responses as: "If I wanted to sell I would have gone into retail"; through to a reluctant acceptance: "I don't like it but I understand where they are coming from, I understand that it is something we have to do to remain viable".

All the MSOs and Team Leaders interviewed indicated that the contact with the members was the most rewarding aspect of their work. As one MSO remarked: "It is the people that come in. You get to know them all on a name basis. You get to know all about their life stories and everything" (Interview, 26 November 2002). Another commented that the most rewarding aspect of the work was "to have people be happy, smile at you and call you by your name and you the same. To know that they are satisfied" (Interview, 26 November 2002).

The case of Power highlights both the significance of discourse in management strategy and practice and its contested nature. Behind the two words 'member' and 'customer' are a range of meanings that connect to how the MSOs at Power viewed their role. They were aware that the language shift from 'member' to 'customer' held great significance. It represented a move away from the traditional philosophy of the Credit Union Movement that had informed their work practice and service ethic. The word 'customer' embodied notions of 'sales' and 'targets'. However, just as they refused to accept the titles Member *Sales* Officer and continue to refer to themselves as Member *Service* Officers, there has been a reworking of the notion of 'customer service' to fit with their own preferred meaning rather than the meaning articulated in the new managerial strategies. Despite management's emphasis on sales and organisational sustainability, the MSOs continued to identify with an 'individual, embodied' member and nominated 'helping people' as the most important aspect of their role. Their desire to assist people formed a significant part of their identity and also connoted a degree of employee resistance. Their identity as 'service providers' and 'helpers' continued to confer a far greater level of satisfaction than the new management ordained roles of 'product seller'.

Holiday Coast

At Holiday Coast worker resistance to the shift from service to sales was more overt than at Power and workers were keen to highlight the contradictions they saw between the principles of the credit union movement and the move towards a sales culture. One MSO argued: "I always thought credit unions were there for their members. I would never sell or push a product onto somebody that wouldn't help them and if that means I don't meet sales targets then I don't meet sales targets (Interview, 10 October 2002). Another remarked, "To me I thought we were so service orientated. Like it is your service that sells. Now it is not. It has gone in a completely different direction and it is sell, sell, sell. Hard core sales. It is very stressful. It is hard" (Interview, 7 January 2003). This change in strategy was being reflected in changing managerial discourse. The same MSO observed:

> Well, it is interesting because we have always said members, always, always, and our General Manager released some articles sometime ago and said, 'Our customers'. And we brought it up in a meeting and asked our manager why is he calling them customers? And he said. 'Well everyone is a customer'. And I was like that is totally changing the whole philosophy that I joined a credit union for.[66]

Front line service worker roles were reshaped as the management discourse shifted from 'member' to 'customer'. Whereas previously these service officers were called 'Member Service Officers' their titles had been changed to 'Sales Consultants'. However, as at Power Credit Union, these employees resisted the management initiative by continuing to refer to themselves as Member Service Officers. As one MSO commented:

> Basically I still think of myself as a Member Service Officer because I would rather service members than sell them products. I think it is a much nicer title. By saying, 'Sales Consultant' it is more along the bank's imagery because that is where we were headed when I worked in the bank. I don't think of myself in that way so it doesn't bother me at all (laughs) (Interview, 10 October 2002).

While senior managers at Holiday Coast were keen to form 'bonds of community' as a way of regaining the past benefits of a closed bond, they seemingly failed to recognise the differences in the townships they served, nor did they recognise the relationships the MSOs had formed over many years living and working in these places. Martin (1999: 11) observes that, "Face to face contact, personal recommendation and informal word of mouth have always been central to the conduct of financial business and transactions, and remain so even in an age of advanced telecommunications - geography matters". Front line workers at Holiday Coast certainly understood this, but it was not clear that management did. All the 'sales consultants' interviewed had been born in, or were longtime residents of, the towns in which they worked. The members of their credit union were their friends and family. Yet the sales training they received and the focus on sales in their performance appraisals did not recognise the service advantage and the 'bond of association' these

[66] It is worth noting the way in which this MSO identifies with the credit union is similar to the way that a 'bonded member' may once have done.

workers had already established. This was reiterated by one Sales Consultant when discussing the members of her branch: "They are aware they know us. We were born and bred here and they know us. They know that they can trust us" (Interview, 10 October 2002). Indeed the metaphors the Sales Consultants used for 'member' embodied notions of belonging and trust. One Sales Consultant linked the 'member' to the concept of 'family': "Here I try and treat the members like a family because I think that's what it is. The branch is a family and all our members are family members" (Interview, 10 October 2002). Another Sales Consultant linked 'member' and 'friend'. She explained: "I know the town so much and the people and so they are more like friends. I have a lot of older members but they are very happy and chatty and talk about whatever is going on in their lives or the town and so it is a 'member' it is not a 'customer' relationship" (Interview, 10 October 2002). These notions of family also extended to relations between staff. One Sales Consultant explained: "We don't want to compete against each other; we grew up together" (Interview, 10 October 2002).

In resisting the changes introduced to their organisation, the credit union workers emphasised their attachment to their service roles. Their self-identification as service workers became more important because it allowed them to project an alternative identity to that promoted by management. It is not suggested that the workers in the credit unions were drawing on some pre-existing identity, rather they were drawing on the 'discourse of mutuality' previously promoted by management, and using it to reinforce a 'preferred self'. This idea of workers drawing on a 'preferred, past self' was highlighted by Ezzamel, Willmott and Worthington (2001) in their study of the introduction of a re-engineering program in a manufacturing plant in Northern England. They identified how worker resistance at the plant "sprang from an antagonism to practices that were sensed, or anticipated not only to intensify work but to impugn a valued sense of self-identity that had developed during a previous era" (Ezzamel *et al* 2001: 1074). At Holiday Coast workers' articulated their commitment to their "preferred identity" through the credit union discourse of mutuality and the construction of 'members as community'.

Although Holiday Coast management was keen to introduce a sales strategy that centred on customer segmentation and individual sales targets, this contradicted its own discourse of 'member as community'. Workers in the branches identified with the management discourse of 'member as community' because they had grown up in the area, had known each other from childhood, and could relate to the members as 'friends' or 'family'. However, they have resisted a management strategy that required them to see the members of their 'community' as sales opportunities with varying levels of worth and they did not want to relate to each other as workplace competitors.

Whereas managerial discourse and strategy at Teachers reinforced worker identity as providers of high levels of personalised, customer service, at Power and Holiday Coast the shift in managerial discourse and strategy was also aimed at reshaping worker subjectivity. However, at Power and Holiday Coast workers drew on the credit union movement's 'discourse of mutuality' and the concept of 'member as customer' to reinforce a preferred sense of identity.

7.6 Conclusion

This chapter has demonstrated that credit union employees continued to embrace their own notions of good member (customer) service and such concepts were central to their identity. In each of the credit unions examined above front-line service workers brought to their role their own meaning of 'member service' and, indeed, their own construction of the concept of 'mutuality'.

The 'teacher' members of the NSW Teachers Credit Union have provided a solid, reliable base of payroll deductions that has allowed the Credit Union to become one of the largest in Australia. The public school system and volunteer teachers have enabled the Credit Union to have a State-wide presence without having to establish a branch network. Providing a financial service to teachers has been an important part of the way Teachers presents itself, not only to its member base, but to its employees.

Maintaining such strong links with its original bonded group has allowed Teachers to continue a commitment to the wider Credit Union Movement's philosophy of mutuality. This 'mutuality' was represented as being synonymous with 'equality' and was reflected in a 'relational' approach to human resource management with an emphasis on teamwork and eschewing of sales targets. Above all, the workers' ethic of service aligned with that of the organisation and MSOs were encouraged to privilege service above all other aspect of their job. The case of

Teachers supports Frenkel *et al's* (1999) conclusion that satisfying customers provides workers with real satisfaction. Retail banking work might not be readily associated with emotional labour and yet the MSOs at Teachers valued the opportunity to become involved beyond simple financial transactions with their members. The emotional labour component of their role as service workers allowed them to project a sense of who they were, their values, and how they connected to each other (Ashforth and Humphrey 1993). The fact that Teachers' management supported their commitment to providing high levels of customer service reinforced their positive sense of identity.

At Power Credit Union both management and workers were in agreement that the core credit union principle of mutuality and 'member as owner' of the organisation had come to mean very little to members. The workers in this credit union have gone from servicing a discrete customer base, namely high paid employees of a government instrumentality, to servicing a wider, less defined member base. Power operates in a poor socio-economic area and workers are faced with the difficult task of having to sell to 'members' who they know do not have discretionary incomes or money to invest. The experience of workers at Power Credit Union mirrored to a large extent the experience of workers in the larger retail banks as management move, albeit cautiously, towards a more 'transactional' approach to human resource management. The rewards they received had become increasing linked to sales performance and they faced significant levels of customer abuse. In contrast to Frenkel *et al's* (1999) findings, the new emphasis by management on selling, rather than providing workers with an added incentive to provide 'service with a smile', conflicted with their own concepts of 'good customer service'. Korczynski (2002) argues that sales work emphasises the instrumental relationship between customers and firms. The move from a service to sales role was more problematic for workers in credit unions such as Power, because such an instrumental approach conflicted with the philosophy of mutuality and the status of credit unions as not-for-profit organisations.

The changing customer and human resource management strategies have also resulted in other unintended consequences at Power. As the credit union culture moved away from the idea of member service, the employees set out to challenge paternalistic attitudes of management that had also been a legacy of their history as a small, industry credit union and had left many of them without a salary increase for a number of years. This resulted in extremely high levels of union membership because workers joined the union in order to negotiate improved wages and conditions through an enterprise agreement.

Employees at Power Credit Union had also begun to challenge new meanings of member (customer) service offered by management with their own meanings of member service. They continue to relate to the customer as an ‘individual, embodied member’ rather than the ‘collective, disembodied customer’ management is seeking to construct through their new sales strategy (Korczynski 2000).

A still stronger resistance to managerial discourse and strategy is evident at Holiday Coast. This can be explained by the decisive move from ‘member service’ to ‘selling products’ and towards a ‘transactional’ approach to human resource management. Workers at Holiday Coast were not just resisting the changes in their roles; they were also resisting what they saw as the contradictions in management discourse, most notably the reconstitution of the credit union principle of mutuality. Management at Holiday Coast emphasised mutuality as mutual benefit between members and the organisation, rather than between members. This allowed them to introduce policies which discouraged members who could only be ‘transactors’ and introduce member segmentation. The practice of segmenting the member base, contradicts not only the core concepts of the co-operative movement but Holiday Coast’s discourse of a ‘bond of community’ and their participation in the CreditCare program. Holiday Coast management sought to retain the notion of a ‘bond’ by linking it with the concept of ‘community’, yet there was no acknowledgement of the spatial differences in the expanded membership base, nor of the close relationships established by workers with the members in these communities.

The different players in the credit union industry invested the concept of member with very different meanings, from member as ‘equal’, ‘family’, ‘friend’, to member as ‘community’, to member as ‘client’, ‘transactor’, and ‘profit-maker’. Some of these meanings were constructed by workers to oppose the meanings projected by management. Similarly, Wray-Bliss and Willmott (1999) have identified how call centre workers wanting to resist management's increased emphasis on sales drew on a 'discourse of customer service' as a counter-argument to the pressures of meeting sales targets. They argue that the adoption of a discourse of customer service, with its emphasis on notions of care and providing for peoples' needs, can be unsettling for organisations wanting to promote sales and focus on profits (Wray-Bliss and Willmott 1999: 287). By drawing on the original credit union 'discourse of mutuality', the workers in the credit unions were able to underpin the notions of care and responsibility embodied in 'member service' with the moral authority of the principles of the credit union movement. At Power and Holiday Coast credit unions, workers' morally based resistance to management's increasing emphasis on sales targets was given voice and authority by drawing on the credit union principles of mutuality, co-operativeness, and social responsibility. This allowed them to argue that their resistance to the emphasis on sales was not simply about their individual opposition to 'selling', but that the new 'sales culture' conflicted with the tenets of 'co-operativeness and mutuality' upon which their organisations were founded.

The evidence drawn from the case study credit unions shows that resisting managerial strategy and change plays an important role in reaffirming and reinforcing worker identity. In refusing to adopt their changed titles, incorrectly entering sales figures, and continuing to privilege the service component of their role over the sales function, employees at Power and Holiday Coast credit unions were more concerned with reinforcing their identity as service (not sales) workers, than with seeking to directly undermine management strategy and control. However, while reinforcing their preferred roles may have been the primary aim of the employees, as Fleming and Spicer (2003: 171) have argued, these covert forms of resistance were a "disruptive force (in a limited sense) because employees thwart the managerial demand to become the kind of people the company wants them to be". The three credit union case studies, then, demonstrate that workers are more than capable of identifying the contradictions in management discourse, of constructing their own meanings, and of applying alternative discourses to resist the change to their 'service' role and reinforce a preferred identity.

Thus far, we have explored developments in customer and employment relations in two long-standing areas of retail banking. The following section introduces to us to the newest entrant to the retail banking industry, Bendigo Bank's community banks. These community banks have been keen to differentiate themselves from the large retail banks by drawing on a discourse that constructs the 'customer as community'.

SECTION FOUR

The Customer and Community Banks

CHAPTER EIGHT

COMMUNITY BANKS: CONTEXT AND CASES

8.1 Introduction

Credit unions are not the only organisations in the retail banking sector in Australia that have sought to differentiate themselves from the larger retail banking institutions in terms of their approach to customer relations. Through its network of community banks, Bendigo Bank purports to offer a return to traditional banking practices and values, including an emphasis on face-to-face service through a local branch network. Bendigo Bank's customer relations strategy is centred on the concept of the "customer as community" and this strategy has sought to capitalise on the nostalgia of some customers for a return to banking practices of the past.

Bendigo's particular conceptualisation of 'community' is underpinned by a claim to have returned to 'old fashioned' banking values with a local branch manager who understands the needs of his or her customers and has the authority to make decisions locally. This somewhat nostalgic view of banking practice appears to have created a significant market niche for Bendigo Bank. As Strangleman (1999: 741) cautions, however, "our analysis of organisations must … be aware of the complexity involved in the active recasting of the past". In analysing the way that organisational members draw on historical interpretations of the past, Strangleman demonstrates how this recasting of the past is undertaken "for both internal as well as external consumption" (1999: 742). This chapter and the next explore how Bendigo Bank management have drawn on a nostalgic view of retail banking practice both to promote community banks to existing retail bank customers and to gain high levels of organisational commitment from community bank workers. Chapter Nine also considers the way that workers in the community banks have experienced and responded to this nostalgic discourse. It also considers how worker identity is shaped through a combination of current workplace practice, memory of work experience, and underlying attitudes, values and beliefs.

The community bank's customer relation strategy has been very effective, with 110 community banks opening since 1998. Between 1993 and 2000, the large retail banks closed 2060 branches, which equated to 29 per cent of their branch networks

(Connolly and Hajaj 2001: 61). The closures left a significant number of Australian suburbs and townships without a retail bank branch. Bendigo Bank's community model has enabled some of these towns and suburbs to re-establish a retail banking presence.

The growing demand for community banking has been explained by some media commentators as a customer-led response to changes in the retail banking sector. This explanation promotes the idea of community bank customers as the ideal "new consumer" – informed, savvy, discerning and pro-active. This view of community banks draws largely on the powerful but flawed neo-liberal concept of the sovereign customer and free markets. However, evidence presented in Chapter Four indicates, retail bank customers have limited consumer power and show a great reluctance to switch suppliers. The proposition that community banks have emerged simply to address a demand from disgruntled retail bank customers does not provide an adequate explanation for their growth. This chapter argues that the success of the Bendigo Bank community banks is attributable primarily to an entrepreneurial management strategy that has identified an opportunity to fill a gap in the market by extending the role of the customer to that of 'co-producer' (Lengnick-Hall 1996) of the retail banking service and the 'other boss' (Fuller and Smith 1991) in the employment relationship.

The chapter commences with an overview of Bendigo Bank's community bank model from planning to establishment phase and explores aspects of the model that appear to particularly appeal to retail bank customers. The final section of the chapter introduces the four case study banks.[67]

8.2 Community Banks as Franchises of Bendigo Bank

The community banks operate as franchises of Bendigo Bank. Formed in the Victorian town of Bendigo in 1858 as a local building society, Bendigo Bank converted to bank status in 1995. While Bendigo Bank is seeking to extend its network across Australia, it promotes itself as a regional bank and its headquarters are

[67] It should be noted that the information on Bendigo Bank itself is limited because, while Bendigo Bank management was prepared to allow research to be undertaken in individual community banks, they would only participate to a limited extent themselves.

still located in Bendigo rather than in the traditional financial centres of Melbourne or Sydney.

The concept of "community bank" which was launched in 1998 is said to have been inspired by Rob Hunt[68], General Manager of the Bendigo Bank.[69] Bendigo's corporate profile describes the arrangement as "Bendigo partnering local communities which operate franchised Bendigo Bank branches" (www.bendigobank.com.au, 24 May 2001).

The model draws to a large extent on credit union ideas and practice.[70] Moreover, Bendigo has been keen to draw positive connections between it and credit unions. Owen Davies, Public Relations Manager with Bendigo observed that: "We are similar to credit unions in the sense that we are co-operative spirited. We just use a different business model" (www.bendigobank.com.au, 10 September 2001). As we shall see, in reality this claim is quite misleading. The following section sets out just how different the business model employed by Bendigo Bank is to that of the traditional credit union movement. One of the major differences between credit unions and community banks is that under the community bank model, local residents are required to provide the necessary start-up capital to establish the bank.

Bendigo Bank does not directly market itself to selected towns and suburbs; rather it waits for residents to come to it. As Glen Kendall, Development Manager - Community Banks with Bendigo Bank explained:

> All the sites that we are helping at the moment are approaches by communities to us. We will never market a community bank. We will never go to, say, Baulkham Hills and say, "You need a community bank". What happens is that

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[68] The community bank model originated in the USA where it has offered smaller financial institutions an opportunity to differentiate themselves by building on local community associations and servicing the financial needs of the community. The difference between the model offered by Bendigo and the community banks in the US is that the US banks are locally owned and *not* affiliated with any other bank (Local Government Banking and Financial Services Taskforce 1999: 20).

[69] Bendigo Bank promotes the concept of community banks as just one in a potential raft of publicly owned local enterprises. The bank is also involved in a community-based telecommunications solution (Davies, 2001).

[70] The language used by Bendigo management is very similar to that used by spokespeople for the credit union movement. For example, Steve Laue, the ex-CEO of CUSCAL, described credit unions as: "The original community-focused financial institutions. Credit unions employ locally, investment is made locally, they support local community initiatives, and any surplus is retained in the local area" (Laue 2001).

> normally one person within the community will make an inquiry that they would like to start one (Interview, 21 August 2001).

The first community bank opened in June 1998 in the Victorian Wimmera towns of Rupanyup and Minyip, and by December 2003 there were 114 such banks across four states: Victoria (55), New South Wales (19), South Australia (5), Western Australia (22), ACT (2), Queensland (9), and Tasmania (2). [71] While the majority of community banks have been established in rural areas, a growing number have also been established in metropolitan areas. In Sydney the first community bank to open its doors was at Galston in March 2002. By the end of 2003, eight community banks had been established in the Sydney metropolitan area (Clovelly, Galston, Harbord, Homebush, North Richmond, Strathfield, North Epping and Turramurra) and Bendigo has also opened six of its own branches in Sydney (Belrose, Dee Why, Leichhardt, Parramatta, St Ives and Willoughby North).

Glen Kendall considered that whether a community bank was located in metropolitan or rural centres mattered little. He commented that the localities that "really forge ahead" with the development of a community bank shared two characteristics. Firstly, they had "a pretty high feeling of their own little community" and, secondly, in terms of the physical site they looked "like a little village". Kendall was referring specifically to three banks being established in metropolitan Sydney at the time he was interviewed in 2001. "They are all three really like a village, which is funny for the Sydney metropolitan area" (Interview, 21 August 2001).

These village streetscapes are lined with small businesses and it is these small business traders that have the most to gain from the re-establishment of bank services in a suburb or town. Evidence indicates that bank branch closures had a particularly detrimental impact on local small business (Connolly and Hajaj 2001, EFPA Inquiry 1999, Beal and Ralston 1997). These effects include general decline in passing trade, loss of access to middle class and higher income consumers, higher retail tenancy vacancy rates, less investment, higher cash handling costs, higher insurance premiums, and increased risk of crime (Connolly and Hajaj 2001: 25-26). The House of Representatives Standing Committee on Economics, Finance and Public

[71] Bendigo Bank has recently merged with the First Australia Building Society in Queensland and so now has a strong Bendigo Branch structure in Queensland.

Administration Inquiry into Regional Banking Services (1999) highlighted the increased security risks associated with having to transport large amounts of cash to and from the nearest bank branch in unsuitable vehicles, difficulties in obtaining small change, and the loss of bank staff with intimate knowledge and experience in rural banking. In addition, the NSW Local Government Banking and Financial Services Taskforce (1999: 14) noted that when people travelled to larger centres to do their banking, their shopping activity was also redirected, which could reduce the income of local retailers by 25 per cent to 30 per cent in the year of the closure.

Allan Johnson, Bendigo Bank's Community Bank Recruitment Manager, conceded that while Bendigo is looking for broad community support, "it is fair to say that in the main small businesses are the ones that are most affected by the withdrawal of banking services and they are the ones that will create the impetus to bring services back" (Interview, 12 November 2001). An attempt to have a community bank established in the Melbourne suburb of Brunswick failed because the steering committee was not able to raise the $500,000 in start-up capital. Bendigo Bank management attributed the inability to raise the funds to a failure on the part of the relevant steering committee to secure the active involvement of local traders. Russell Jenkins, Bendigo's Chief Manager Community Banking, observed that "the biggest key to a successful site in the early days is getting small business and traders onside" (Boreham 2002: 32).

The Bendigo Bank community bank model is essentially a franchise arrangement with a community-based body as the franchisee. Under this arrangement, the franchisor provides the name, systems, products, marketing support, and training, while the franchisee is responsible for operating costs, including cost of staffing. The profits are shared under various arrangements between the franchisee and franchisor. Local residents are required to form a Steering Committee whose role it is to raise awareness of the proposal and gather financial pledges in support for start-up capital of between $350,000 to $400,000.[72] Once this target has been met in pledges the Steering Committee holds a public meeting at which representatives of Bendigo Bank outline procedures. If local support is still behind the project then Bendigo Bank

[72] At least four of these communities have pledged significantly more than required by Bendigo in start up capital. Galston pledged $800,000, Homebush $500,000, Harbord $640,000, and Clovelly $650,000 (Wade 2001).

require the local steering committee to hire an independent consultant to conduct a feasibility study. Christine Gardiner, Chair of the Clovelly Community Bank Steering Committee, outlined what this process involved:

> The feasibility study is something that is conducted by an independent company and it involves 5,000 surveys of the Clovelly area, which we letterbox dropped and we also sent out to people with a pledge from outside areas. From those surveys – they said we needed to get 600 back out of the 5,000 before they would consider it – they needed to get that community response. Actually I told them we would get 1,000 back and they said you won't get a 1,000 back, no-one has ever got a thousand back. We got 1,030 returned – which they said was pretty amazing. On those surveys they have to determine if there will be about $30 million dollars worth of banking business in deposits and people changing over their mortgages, etc. Ours showed over $100 million (Interview 7 June, 2001).

The results of such locally-funded feasibility studies are fed into Bendigo Bank's community bank model to produce a three-year business plan. If the business appears viable Bendigo will support the development of a franchise. Then another public meeting is held and the interested residents vote on whether or not to proceed. If endorsement is given, a prospectus is released and share subscriptions are invited from the local residents. The shareholding is held with the local finance company that enters into the franchise arrangement with Bendigo. Bendigo Bank is not a shareholder in the community banks but it expects a minimum of 250-300 shareholders in each community bank (Interview, Allan Johnson, November 2001). Bendigo does not want ownership of the community banks concentrated in the hands of a few individuals.[73] In this respect, they are drawing directly on the credit union model, where each member is entitled to one vote. In the community banks each shareholder is entitled to only one vote regardless of the size of their shareholding.[74] Generally this process takes between eight and 12 months. Once the capital is raised, Bendigo provides the banking infrastructure, including the use of Bendigo's banking licence, products and staff training. The community bank pays Bendigo 50 per cent of its gross income. While Bendigo Bank manages and bears the prudential and credit

[73] The NSW Local Government Banking and Financial Services Taskforce (1999: 21) investigated the possibility of local councils purchasing franchises and met with an unfavourable reaction from Bendigo Bank.

[74] It was written into the prospectus for one of the community bank finance companies that "no individual member may control or own more than 10 per cent of the shares in the company" (Ku-ring-gai Financial Services Ltd Prospectus, 2003: 24).

risk, any business and operational risks are borne by the local management committee.

After meeting operating costs and paying 50 per cent of gross profit to Bendigo, 20 per cent of any remaining profit is paid as a dividend to shareholders and the other 80 per cent is retained for local development programs, as well as to meet any ongoing working capital requirements (Interview Glen Kendall, 21 August 2001). It reportedly takes at least two years of operation before a community bank can begin posting consistent profits and pay a dividend to its shareholders. In June 2001 it was reported that 12 of the then 45 community bank branches were posting monthly profits and three had paid a dividend back to their shareholders (Murphy 2001). It is essential that community banks become profitable because one of the terms of the franchise agreement is that the franchise agreement can be terminated if the "franchise operation is not profitable" (Ku-ring-gai Financial Services Prospectus 2003: 22). This is very different to the way in which credit unions have re-established bank branches under the CreditCare program, where the co-operative nature of credit unions means that the credit union commits to subsidising an 'unprofitable' branch in order to ensure the locality a financial service. This difference is largely due to the fact that credit unions as co-operatives are not-for-profit organisations, whereas Bendigo Bank must report to shareholders.

The management committee of the community bank decides upon the percentage allocated to 'community' work and the projects that will be funded. The emphasis is on putting funds back into the local area to develop further the area's prospects. For example, in Henty, NSW, a nursing scholarship has been established in order to retain nursing services at the local hospital and at Lang Lang in Victoria the money has been used to open a business centre (Wade 2001). In its fourth year in operation, Henty Community Bank Branch set aside $150,000 of its branch profits for local service organisations. The Board allocated $100,000 to the Henty Bowling and Golf Club to enable the organisation to improve the auditorium and kitchen area (www.communitybank.com.au, 13 April 2003). [75] A number of the community banks report funding scholarships for local schools and colleges and others report

[75] The Henty Community Bank also services the town of Pleasant Hills. This town has taken the community bank concept and used it to open the Pleasant Hills Community Hotel. Perhaps the prospect of a town with no pub has wider social implications than a town with no bank.

sponsorship of local sporting clubs (www.communitybank.com.au, 13 April 2003). The oldest community bank that services the townships and surrounding areas of Runanyup and Minyip, has established a Community Development Fund of $30,000. The bank claimed that the "Community Development Fund will improve the quality of life for people living in the areas of Runanyup and Minyip" (www.communitybank.com.au, accessed on 13 April 2003). However, rather than the level of funding received by each area being linked to local *need*, it is tied directly to the level of customer *support* it receives from each community. The more business the local residents bring to the bank the more support they will receive. In the case of the Runanyup/Minyip Community Bank the local development fund operates in effect as a customer reward scheme.

8.3 Shared Rewards: Shared Responsibilities

The concept of returning part of the banks' profits to the area in "community development funds" is part of the "shared rewards: shared responsibilities" concept promoted by Bendigo's Managing Director, Rob Hunt. In Hunt's view:

> Successful customers, and successful communities, help create a successful banking operation. Good business is not incompatible with good community and in seeking to improve its own prospects Bendigo Bank could not pick a better partner than a committed community (Hunt 2001a).

Allan Johnson suggested that this partnership had enabled Bendigo to expand its branch structure very rapidly:

> Community banking has given us the capacity to grow our branch network sharing the ownership with the community and consequently sharing the revenue with the community. If you talk to someone from the major banks they will say "How can you possibly do that on your market share. You can't do it?". Our finding is that we are able to do that because we are going into a market and ascertaining a level of support from that market that we would never have got if we had done it on our own bat. A bank might go into a town and open a branch you would expect to get 10-15 per cent of the market share. Community bank enables us to access 60-80 per cent of the market share (Interview, 12 November 2001).

Since it is the local steering committee members who ascertain the level of support, garnering support for Bendigo Bank is couched in terms of supporting a local community project, rather than helping Bendigo Bank to expand its branch network.

Equally Bendigo has been able to extend its branch network so dramatically because it is the potential customer in the local area who provides the necessary start up capital rather than Bendigo itself. The *quid pro quo* for this is said to be that the local investors also share in the profits. As the head of financial services at Boston Consulting Group argued:

> The Bendigo model is one where the institution and community share the fixed costs and infrastructure, thereby resulting in a self-reinforcing system for the bank. The sense of community proprietorship brings growth as business flows in, while the risk is shared (Cornell 2003: 32).

This is certainly the explanation given for the success of the community bank model by Rob Hunt: "We understood the problem of access. We took the time to learn the aspirations of the community. We built the model that in fact made them owners of the solution – owners in the sense of participating, but also in being shareholders" (Cornell 2003: 32).[76]

Bendigo's discourse draws on notions of self-help and self-reliance. As Hunt expounds: "We felt much of the change required to effect a solution [to branch closures] had to come from within – that communities need to take responsibility, rather than look for someone else to fix the problem" (Hunt 2001a: 3). In effect, this self-reliance extends to accepting responsibility for funding a banking service that other retail bank customers, including those who are direct customers of Bendigo Bank itself, have access to without having to put in the start-up capital or share in the risk. For example, Sydney suburbs serviced by the six Bendigo Bank branches had to contribute nothing in order to get the same banking service that the residents of the Sydney suburbs with community bank branches gained access to only after they had invested considerable time, energy and money. This reflects concerns raised about community banks by the NSW Local Government Banking and Financial Services Taskforce (1999: 22) to the effect that "it may become an expectation among banks, that if communities believe they have a right or need to access financial services, communities should at least carry the operating risk and costs associated with that". The FSU has also voiced concern about local residents taking on risks that it believes should be borne by the banking institutions themselves (Lewis 2001b). As such it

[76] Under this interpretation of the model community bank customers might be described as, or even identify themselves as, empowered "choosers" (Gabriel and Lang 1995).Yet, as Hodgson (2001: 130) argues, discourses of "customer empowerment are a powerful means of subjection, allied as they are to the pervasive moral discourse of self-help, self-reliance and responsibility promulgated by the range of neo-liberal Governments since the 1980s".

might be more accurate to describe Bendigo Bank's franchise arrangement with local residents as one of shared rewards, shared responsibilities and shared risks. [77]

This arrangement has proven profitable for Bendigo Bank. The first community banks to open their doors all recorded operating profits of between $10,000 to $20,000 per month (Davies 2002: 2). For the calendar year 2002 the community banking area of Bendigo's business contributed $3.2 million to Bendigo's net profit of $25.4 million. For 2000, the comparable figure was just $0.8 million. (www.bendigobank.com.au accessed 21 April 2003).

According to Bendigo Bank's promotional material: "Community Bank is a Bendigo Bank initiative which aims to return traditional banking services to country towns and suburbs" (Davies 2002b: 1). Yet, the Bendigo Bank model of 'community' is not inclusive of all 'communities' and not all 'communities' are Bendigo Bank 'communities'. Indeed, not all 'communities' will be sufficiently affluent to raise the necessary start up capital and only those with the sufficient funds to establish a bank are able to join the network of community banks. As a witness to the House of Representatives Standing Committee on Regional Banking Services commented:

> I think it is a huge burden to expect a community to bear. The amount of money that is needed to set up such a bank. I believe is out of reach, and it is a huge ask for any banking organisation to put onto a voluntary organisation to bear and to organise (Noonan, Transcript of Evidence, 29 April, 1998).

In sum, the Bendigo Bank notion of 'community' is limited to localities with discretionary funds to invest and to individuals who have the time and energy required to go through the steering committee stage.[78] These customers become 'co-producers' in the establishment of retail banking services (Lengnick-Hall 1996). However, their role is more extensive than that outlined by Lengnick-Hall, who equates the idea of being a 'co-producer' with that of being a 'co-worker'. To some degree, as Bellemare (2000: 390) has argued, the customers who work to establish the

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[77] Bendigo Bank's community bank model was the only Australian institution recognised in a global report on innovation in financial services by The Boston Consulting Group (Rhodes and Ackland 2002: 8-9).

[78] The majority of credit unions established under the Creditcare program outlined in Chapter Six would not have been able to establish a community bank. Many of these credit unions have been established in towns that would not be able to or raise the capital needed to establish a Bendigo Bank Community Bank.

community banks could be seen, to be "pursuing their own agenda". However, the co-production takes place very much under the control of Bendigo Bank. In this case, the role of 'co-producer' has more to do with being a management resource, or at least with being an unequal partner in the production of the retail banking service. As we have seen, these 'co-producers' are very often small business traders. The following chapter explores the implications of the application of a small business approach to the management of the community banks through detailed case study analysis of four community banks.

8.4 The Community Bank Cases

The four case study community banks investigated for this study have been renamed to preserve the anonymity of the workers in these banks, and will be referred to as Peninsula Community Bank, Seaside Community Bank, Shire Community Bank and Heights Community Bank. Seaside is a suburban bank located in a large metropolitan city, Shire is a rural bank, and Heights and Peninsula are located in regional centres. Each bank has the same structure: a branch manager, customer service supervisor and customer service staff.[79] There were very few differences between the four case study banks. They all conformed to the model prescribed by Bendigo Bank under the franchise agreement.[80] As the following chapter shows, Bendigo Bank retain firm control over human resource management strategy and industrial relations practice in all of these community banks.

In the four case study community banks all of the branch managers were male and all of the customer service staff were female. None of the interviewees belonged to the FSU. Table 8.2 provides a breakdown of management and staff characteristics in each of the four community banks studied.

[79] While the names of Bendigo Bank management are used throughout this chapter and the following, the names of the managers, chairs of the management committees, and workers in the community banks are withheld to ensure their anonymity.

[80] These similarities across the four community banks and the need to maintain their anonymity means that the general information on community banks is somewhat limited when compared to the same information in relation to the credit union cases. In the case of the credit union case study organisations, there were significant differences between each of the credit unions and only one credit union wanted to maintain its anonymity.

Table 8.1

Management and Employee Characteristics in the Case Study Community Banks

NAME	YEAR EST.	MANAGER M/F	MANAGEMENT COMMITTEE CHAIR M/F	CUSTOMER SERVICE STAFF (All Female)	
				FT	PT
Peninsula Community Bank	2000	M	M	3	3
Seaside Community Bank	2002	M	F	2	2
Heights Community Bank	2000	M	M	2	4
Shire Community Bank	2002	M	M	1	4

The staff profile of the four case study community banks was typical of the community banks in the Bendigo Bank network generally. Of the 87 managers employed across all of the community banks, only one is female. Conversely, males held only 20 of the 335 customer service officer positions (www.bendigobank.com.au, December 2003). The typical community bank branch employed a male manager with between four and six female customer service staff, the majority of whom worked part-time. The gendered division of labour in the community bank was actually more marked than in Bendigo Bank itself and in the retail banking sector generally. Of the 1800 staff employed by Bendigo Bank in 2001 only 65 per cent were female (Interview Pam MacDonald, 4 September, 2001).[81] In 1997, across the retail banking sector, 70.6 per cent of Associate Professionals (the category covering bank branch managers) were male, while 64.9 per cent of Elementary Clerical, Sales and Service Workers (the category covering customer service officers) were female (FSU 1998: 5). Allan Johnson explained that the community banks did not receive applications from many women for the managers'

[81] Within Bendigo Bank itself 21 per cent of the staff are employed on a part-time basis (Interview, Pam MacDonald, 4 September 2001). This is similar to approximately 25 per cent of staff employed on a part-time basis n the large retail banks (Probert *et al* 2000: 17).

positions and that most applications for the customer service roles were women (Interview, 12 November 2001).

The four case study banks are all located in suburbs that have a "village" appearance with the streetscape dominated by local businesses and numerous small, specialist shops. In each case, branch closures by the major retail banks had a significant impact on the local economy and this had prompted the local small businesses to support the establishment of the community banks. The Chairperson of Seaside Community Bank, who was herself a small business trader, explained that her motivation in working to set up the bank was to counter the decline in local trading: "We were suffering a loss in sales; we had a lot less passing traffic" (Interview, 7 June 2001).[82] In the town where Peninsula Community Bank is located, Westpac, the last remaining retail bank had closed its branch in November 1999 and the community bank opened in August 2000. The Manager of Peninsula Community Bank observed that:

> Since the community bank had opened many of the local businesses that had struggled were probably back on their feet again - the chemist estimates business has improved by 10-15 per cent, the supermarket trade has improved by 15-20 per cent and newsagents have experienced an increase of about 5 per cent (Interview, 31 July 2001).[83]

In some cases the impetus for setting up the bank had come from within the local Chamber of Commerce, which had formed a Steering Committee. In the case of Peninsula Community Bank, the Chairperson of the Steering Committee was the President of the local Chamber of Commerce. Similarly, at Heights Community Bank, the Chamber of Commerce had played a crucial role in establishing the Bank. David MacCauley, Bendigo's NSW Development Manager for Community Banks, pointed out that "all community banks would have local traders and/or representatives of the Chamber of Commerce on their management committees" (Interview, 20 March 2002). MacCauley also emphasised that Bendigo had found that the most successful steering committees and management boards were those with a broad

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[82] Unfortunately, any benefits from having the community bank in this local shopping strip came too late for the Chairperson's business and she had to close her music shop before the community bank opened (Interview, 26 October 2002).

[83] The Manager of Peninsula Community Bank estimated that of the 160 small businesses in the town approximately 80 per cent banked with the local community bank.

membership representative of the 'wider community'. Table 8.3 details the composition of the management committees of the four case study community banks.

Table 8.2

Characteristics of the Management Committees of the Community Banks

Bank	Committee Members M	Committee Members F	No. of Small Business Traders	Chamber of Commerce Rep
Peninsula Community Bank	9	0	7	Yes
Seaside Community Bank	6	2	3	No
Heights Community Bank	6	2	6	Yes
Shire Community Bank	6	2	4	No

Chairs of the management committees and community bank branch managers all saw themselves as running a small business. As the Chair of Heights Community Bank remarked, "We consider ourselves Heights Community Bank. We don't consider ourselves Bendigo Bank by any stretch. We are a small business and as such we set our budgets. I drive that from here" (Interview, 22 March 2002). The Manager of Shire Community Bank explained that when he was being interviewed for the manager's position, Bendigo Bank's Recruitment Manager advised him that, "you've got to think of this job as being the CEO of a small corporation. You need to be responsible for everything. Marketing, business development, administration, you have got to be the human resource manager. Basically you have got to be responsible for the lot" (Interview, 30 October 2002).

Whereas the move in the large retail banks has been away from autonomous branches to a reliance on centralised decision making, in the community banks the branch manager has a considerable degree of autonomy. Bendigo Bank promotes the community bank concept around the idea that the branch manager is a 'local' and makes decisions locally.[84] He (or in the one case, she) will go out and meet customers in their home and businesses to talk about their plans and needs. This concept of a local branch manager is part of Bendigo Bank's claim to return to old-fashioned

[84] When Bendigo Bank management used the term 'local', it appeared to mean people who live in the town establishing the community bank. When the bank was established in a metropolitan suburb this notion of 'local' became harder to define. It was unclear just how close by an individual needed to live or indeed how long they had to have lived there in order to be considered 'local'.

banking values of the past. As Strangleman (1999: 742) found in his analysis of culture and change management in British Rail, nostalgia can be seen as much more than a passive emotion felt by older workers (or, in this case, customers) and "can also be seen as an active tool in the hands of management". The following chapter responds to Strangleman's (1999: 743) invocation to critically investigate the way in which ideas about the past are mobilised and how they are received by their intended audiences. Chapter Nine investigates how Bendigo Bank management has 'mobilised' the past and how the associated discourse has been received by community bank employees (including the branch managers).[85]

8.5 Conclusion

Bendigo Bank's community bank model has enabled Bendigo to extend its branch network by sharing the rights, responsibility and risk with the local residents. The community bank model allows Bendigo Bank to emphasise notions of 'community' since the establishment process occurs at the local level and a proportion of the profits of the bank are returned to the local area. Yet the discourse of 'community' articulated by Bendigo is not an inclusive concept. Only 'communities' that have people with surplus funds to invest, as well as individuals who have the time and energy to commit to establishing the bank, will be able to secure a branch facility. The community bank model fits with neo-liberal concepts of self-help and responsibility. Yet not all 'communities' are required to demonstrate such self-reliance. Bendigo is also establishing bank branches as part of their own network without the local residents in these localities being required to commit anything.

Very often small business traders played a central role in the establishment and ongoing management of the community banks. These traders brought a small business mentality to their oversight of the community banks. The following chapter highlights how their small business background informed both customer service focus and employment practices within the case study banks. The chapter also explores the way in which notions of customer and customer service are constructed by Bendigo Bank management. The construction of the 'customer' in community banks draws on the concept of the 'customer as community'. Bendigo Bank's discourse emphasises

[85] The branch managers might have the title 'manager' but there role is very much that of an employee.

the notions of ‘local’, ‘partnership’, ‘sharing’, and ‘old fashioned values’ to construct its own version of ‘community’ and the ‘customer’. This discourse seeks to tap into a sense of nostalgia for banking practices of the past. Using the same thematic framework as that used for the credit union cases, Chapter Nine explores how a small business approach to banking, coupled with a discourse of ‘community’ affects, customer relations, human resource management strategy, industrial relations practice, and worker identity in four case study community banks.

CHAPTER NINE

CUSTOMERS AS COMMUNITY

Customer and Employment Relations in Community Banks

9.1 Introduction

This chapter explores the contours of customer and worker relations in community banking by drawing on detailed evidence from case study organisations. As discussed in the previous chapter, the community bank model involves the customer as a 'co-producer' (Lengnick 1996) of the retail banking service. The customer takes on the role of co-producer during the establishment phase of the bank. This chapter highlights how when the bank is operational the customer's role extends, in effect, to that of "the other boss" (Fuller and Smith 1991) in the community banks. These "other bosses" are generally small business traders and their small business background informs the employment practices within the community banks. This small business approach places an emphasis on providing flexible, 'friendly' service and is reinforced by Bendigo Bank management's construction of the customer as 'community'.

The chapter also highlights how Bendigo Bank management retains tight control over the local finance company as "the other boss" in the employment relationship. The staff in community banks may be employed by the local franchise company made up of customers of the bank, but as the chapter demonstrates, Bendigo has a great deal of influence over all aspects of the day-to-day running of the community banks.

Community banking is promoted by Bendigo Bank management as a return to 'old fashioned' values that are said to have belonged to a past era of banking. The chapter explores how Bendigo Bank management use nostalgia for a past era of banking, which is imagined as local and customer focused, to create a market niche for itself and to garner high levels of commitment from community bank workers. The chapter also explores the way in which workers in the community banks draw upon managerial discourses of the customer to reinforce their own concepts of 'good' customer service and reinforce their sense of identity.

9.2 Customer Relations Strategy

As mentioned in the previous chapter there was very little strategic differentiation between the four community banks. Under the franchise agreement Bendigo Bank retains tight control over the way that the community banks promote products to customers. The franchise agreement states:

> The Company must only offer the products and services specified by Bendigo Bank, it must comply with Bendigo Bank's promotions … it must seek the prior approval of Bendigo Bank to its promotional activities and material, public communications, signs and stationery (Ku-ring-gai Financial Services Limited Prospectus 2003: 22).

In every respect the customer relations strategy of the community banks is the strategy dictated to them by Bendigo Bank management. This strategy emphasises that Bendigo is a small retail bank attempting to compete with the large retail banks and draws on a discourse of 'community' in seeking to create a market niche. As Rob Hunt, General Manager of Bendigo Bank stressed:

> I think that the country headquarters or origins is an advantage in the sense that we do live with our customers. When I go to buy a sandwich I meet my customers and they tell me what they like and don't like. Community is alive and well in the cities, but the important thing is to listen (Cornell 2003: 32).

The construction of the 'customer as community' has enabled Bendigo to expand its branch network, while sharing the risk with the communities involved. As Allan Johnson explained: "Community banking has given us the capacity to grow our branch network sharing the ownership with the community and consequently sharing the revenue with the community" (Interview, 12 November 2001). This is not to suggest that the local residents who have set up community banks are not aware that they are helping to widen Bendigo branch network and Bendigo market share. They see themselves as equal partners in that growth. As the Chair of the Coast Community Bank observed:

> I think they [Bendigo Bank] have been very clever in saying this would be a very cheap way of expanding our branch network. But I think it has expanded to a greater degree than they had envisaged. They didn't realise the power, if you like, of the community (Interview, 12 March 2002).

The construction of the 'customer as community' has been directed to ensuring continued commitment from local residents because it is their money that has led to the establishment of the bank. As Glen Kendall, Bendigo's Development Manager for

Community Banks, pointed out: "For a community bank to work the community has to support it and that means supporting it by not only buying shares in it, but also supporting it with their banking business. If they don't do that, it won't work" (Interview, 21 August 2001).

Bendigo Bank is relying on this customer commitment, rather than focusing on direct selling, to expand its market penetration. It is via an emphasis on face-to-face service through a wide branch network of community and Bendigo branches that Bendigo has sought to differentiate itself from the other retail banks. Glen Kendall stated that at every public meeting he attended the same message came across: "The people want to go back to the old style banking. They want to walk into a branch, be known by name, and see a smile on a person's face" (Interview, 21 August 2001). The Manager of the Warburton Community Bank commented how "his customers come to him because the bank's hours are convenient and customers appreciate the friendly locals behind the counter" (Murphy 2001). Community banks have been envisaged by the local supporters as representing a return to "old banking values such as personal service and local focus" (Steele, Chair Galston Community Bank cited in Wade, 2001). Strangleman (1999: 728) has argued that "management can actively use notions of nostalgia in the ideological construction and portrayal of the past with respect to the present and future". Bendigo Bank management and management of the community banks are seeking to capitalise on the high level of customer dissatisfaction with the major retail banks by harking back to a past 'golden era' of banking when people were encouraged to come into their local branch and bank staff knew customers on a first name basis.

Not all aspects of the community bank customer relations strategy belong to a past era of banking. Bendigo's use of the concept "old-fashioned" centres around notions of face-to-face service and a return to the use of passbooks and over-the-counter transactions. As the data in Table 9.1 demonstrates, while community bank fees for over-the-counter transactions were lower than that of the large retail banks, the fees were still structured in a way that discouraged over-the-counter transactions and encouraged the use of remote services, such as internet and phone banking.

Table 9.1

Bank Charges - Bendigo Bank and the Four Major Retail Banks, 2003

Bank	Over the Counter	ATM Own Bank	EFTPOS	Phone	Internet
Bendigo	$1.75	70c	70c	40c	40c
ANZ	$2.50	50c	50c	50c	Free
Commonwealth	$2.00	50c	30c	30c	30c
National	$3.00	60c	60c	20c	20c
Westpac	$2.50	50c	50c	40c	25c

Source: Bank Websites 13 May 2003

While a key aspect of the current customer relations strategy is a focus on flexibility of hours, fixed, inflexible hours were a defining characteristic of retail banks of the past. Prior to the 1980s, bank branches were open from 10am-3pm in order to allow bank staff time to complete 'back office' functions. Now the focus is much more on meeting the needs of customers who want longer banking hours. The Chair of the Seaside Community Bank argued that flexibility of hours was one of the key features she wanted the bank to offer and it all centred on what the 'community want'. She explained:

> We will start by opening Monday to Friday 9am to 5pm and Saturday 9am to 12 noon and see if that is catering for everyone. It is basically what our community wants. I know there are a lot of people who get home too late to get to the bank, so that may be mean we have to open to 6pm or 7pm if the need is there (Interview, 26 June 2001).

Most community banks are open 9am-5pm Monday to Friday and 9am – 12pm Saturdays. However, this varies from bank to bank and decisions about hours are made at the local level and appear to be very flexible. As Glen Kendall explained: "they [the local management committee] pick the hours they are going to open and a lot of them open on Saturday too" (Interview, 21 August 2001).

One way in which community banks are able to promote themselves at the local level, without the prior approval of Bendigo, is through the allocation of a percentage of the profits to local development projects. As outlined in the previous chapter, the fact that a percentage of community bank profits are returned to the locality in projects is one of the main attractions of the Bendigo Bank model.[86] It also helps to explain the attraction behind the establishment of community banks in areas where traditional retail banking is still available. While customers in remote and rural towns might support community banks because they have been left without any mainstream banking facilities, retail bank customers in metropolitan or regional towns do have alternatives. It may be that Bendigo Bank is tapping into what Gibson and Graham (1996) have called “distributive class struggles”. This refers to attempts on the part of local citizens “to capture some of the surplus for the region of its origin and the community it supports” (Gibson-Graham 1996: 195). As the Manager of Heights Community Bank, which is only two kilometres from a major retail area offering banking facilities, explained:

> In country Victoria the community banks have been very successful because people have limited choice. At this branch here, they have a great deal of choice but they are still support us. They want to support it because some of our profits go back into the community (Interview, 26 August 2001).

At the time of the interviews none of the four case study community banks had made sufficient profits to begin returning a proportion of those profits to the local residents.

The community bank business strategy claims to offer a ‘return to the past’ in terms of customer service coupled with a present day concept of flexibility. The following sections examine the implications of this approach for community bank workers.

9.3 Human Resource Management Strategy

To some extent Bendigo’s return to ‘old fashioned’ style banking is reflected in the ‘relational’ psychological contract (Rousseau 1995) offered by management (both Bendigo Bank and the local franchise company) to employees in the community banks. The psychological contract operating within the community banks reflects a past era of employment relations practice in the major retail banks by focusing on a

[86] It was also the main reason why Bendigo Bank was awarded a Merit Award in 2003 by the Ethical Investor magazine for ‘Outstanding Achievement in Social Development’. The award recognised the contribution community banks made in providing income for reinvestment in community projects (www.bendigobank.com.au, accessed 4 March 2003).

high degree of mutual interdependence, and ensuring that rewards that are not linked explicitly to sales.[87]

In community banks there is an emphasis on recruiting staff with service skills. Pam Macdonald, Manager Organisational Development and Culture at Bendigo Bank stated that for both Bendigo and the community banks: "Our priority is upon customer service and relationship management, so we recruit to that as a key criteria. In many instances we seek customer service skills as a higher priority than banking experience" (Interview, 4 September 2001). However, Allan Johnson, Recruitment Manager for Bendigo's community banks stressed that the primary selection criterion "is previous banking experience". As Bendigo's Recruitment Manager, Johnson convened all the interview panels for new staff in the community banks. He explained that the community bank framework did not allow for the employment of inexperienced banking staff despite their customer service skills:

> Fortunately, or unfortunately, we have to look for experience when we open a new community bank branch. The reason for that is when the doors open it is flat out. There is not a lot of room for the person to grow into the role. They have to be pretty experienced. Banking experience would rate 80 per cent, customer service experience 20 per cent (Interview, 12 November 2001).

When the new bank is set up, the newly recruited community bank team spend the first week in training at Bendigo. In 2001, this training involved system orientation, product knowledge, team building and Bendigo Bank induction (Interview, Johnson, 12 November 2001). The training had two components: firstly, learning what Bendigo calls 'Branch Fundamentals' and an orientation program that emphasised the Bendigo Bank culture; and, secondly, an overview of Bendigo's 100 year history exploring its long tradition of working with local communities. So while the staff are employed by the local enterprise they are actually inducted into Bendigo Bank. A Bendigo Bank support officer accompanied the new team back to the community bank for its first three weeks of operation.

Community bank staff are expected to be fully operational from the time of initial placement, so considerable emphasis is placed on finding the 'right kind' of

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[87] An important expectation of a 'relational' psychological contract is long-term employment security based around mutual loyalty (Grant 1999: 329). It is not possible to judge whether this aspect of a relational contract will hold true for community bank staff because the banks have only been operating for a relatively short period of time.

person for the job. The initial cull of applicants is conducted by Bendigo Bank. The interview panels are made up of two people from Bendigo Bank and two people from the local management committee of the franchise company. If there is a conflict about who to employ, the final decision lies with Bendigo Bank as the franchisor (Interview Allan Johnson, 12 November 2001). The interviews are unstructured and very informal. Once an applicant's banking experience had been verified, attention shifts to identifying applicants who fit with the Bendigo culture. Johnson made it very clear that rather than interviewing for job fit Bendigo interviewed for cultural fit.

Bendigo Bank's corporate culture, then, accentuates the local – local focus, local community, and locals behind the counter. When recruiting for a new community bank advertisements are placed in the local press only (that is, the small suburban newspapers) and run on Bendigo Bank's website. Johnson explained that advertising locally was part of a deliberate strategy to recruit 'locals' – "the local community feel is very much what it is about" (Interview, 12 November 2001).

If the community bank recruitment process is aimed at recruiting individuals who wished to return to traditional banking values and practices, the inevitable result is an 'older' workforce profile. Johnson explained that while Bendigo received a good mix of applications from both men and women there was a substantial gap in under 25 year olds applying for positions within the community banks. He believed this occurred because "the younger people have still got their careers in mind and to move into a single company they might see as a bit more of a dead-end" (Interview, 12 November 2001). Further, Johnston argued that people under 25 have only known the current banking system and are not disillusioned like older bank staff "who have known something different". That 'something different' referred to a different concept of 'good customer service'. This indicates that it was not only retail bank customers who desired a return to past practice. Many experienced retail bank workers shared this view.

The notion of service to the community and an emphasis on friendly, face-to-face service appeared to ensure that the community banks are well staffed to deliver this kind of service. The community bank managers' argued that, rather than being staffed to reduce customer/worker connections, their staffing levels are aimed at providing time for customers and workers to develop good rapport. As the Manager of Coast Community Bank explained:

> Another problem they (the major banks) have got is that there is just no contact with staff anymore. We go the opposite direction here and hours are far longer. If anything I won't say we are overstaffed, but I would say we are bordering on overstaffed compared with the big banks. So the staff have got time to talk to people. That is what people really want at the end of the day (Interview, 31 July 2001).

This sentiment was reiterated by the Manager of the Shire Community Bank who observed:

> What we try and do is, if we are going to make an error, we will err on the side of generosity. I would rather have an extra person a day than half a person too little. Because there is a negative impact on both the customers and the staff if you haven't got enough people here. We have to get the balance right (Interview, 30 October 2002).

Being adequately staffed to meet customer demand required a preparedness by part-time customer service staff to alter their working hours. Each of the community bank managers explained that they were continually adjusting the roster to meet customer demand. As the Manager of Coast Community Bank said: "We are constantly moving the part-time staff around and we are probably going to have to jiggle the numbers again" (Interview, 10 April 2002). This flexibility around the mix of hours worked by part-time staff operated at an informal level and is reliant on good relations not only between the manager and staff, but between the staff themselves. The CSOs interviewed linked the requirement around flexibility to being part of a team. They also believed that the flexibility worked two ways and that the community bank managers were prepared to be flexible if they needed to have time off. This two-way flexibility appeared to be very different to their experience working in the large retail banks. As a CSO at Coast Community Bank explained: "It is not as rigid as the other banks are. If you are sick and you have time off then you are not snarled upon because you are sick. And if you want to change the shift then you swap it with another part-timer" (Interview, 31 July 2001).

The requirement that community bank employees be flexible in service provision appeared to weigh particularly heavily on the local branch managers. The Manager of Coast Community Bank, which was the fastest growing community bank at the time the research was conducted, felt he was running a small business, and had all the responsibilities of expanding the business, but that as a salaried officer he was not actually able to reap the rewards. He argued that the reward structures did not reflect the long hours and range of skills required of the local community bank manager (Interview, 10 April 2002).[88] As he attested: “My health has suffered a lot over the past two years and even though, as a father of a three small kids, I have to put food on the table, I have to be there to put that food on the table” (Interview, 10 April 2002). He claimed to be “burnt-out” having worked up to 100 hours a week in the initial start up phase of the bank. Even when the bank was more established he still worked 60-70 hour weeks and he felt he could not sustain it. He stressed that the idea of serving the community was, “all very well for the community, but, what about the workers, what is in it for them” (Interview, 10 April 2002).

Although the Manager of the Shire Community Bank had experienced the same very long hours as the Manager of Coast Community Bank, he advanced a more positive interpretation:

> The hours were incredible in the first three months. I think I did keep rough tabs on it and I clocked up thirty extra days of unpaid overtime in the first three months. So now it has settled down I still work more than I am paid to work but that is all part of the job. And you don’t mind doing it because you are part of the community and you know the customer is everything (Interview, 30 October 2002).

The emphasis that Bendigo Bank place on the notion that community banks service communities rather than provide a simple banking service to retail banking customers is a powerful tool in ensuring that local community bank management are prepared to work very long hours (much of it unpaid) in servicing that community. The issue of excessively long hours did not apply to most of the CSOs because their work as front-line service officers was tied to opening hours and many of them were paid an hourly rate, although they all talked about working unpaid over-time in the start-up phase of the community banks.

It was clearly set out in the CSO’s employment contract that they are employed by the local franchise company, yet, when asked who they worked for, the community bank CSO interviewees all indicated that they worked for both the local company and Bendigo Bank. Given that they reported on bank procedural matters to Bendigo this response was understandable. The CSOs were aware that they had a dual

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[88] This manager had submitted his resignation and would be leaving the bank later that week.

responsibility to Bendigo and to the local management committee. The Customer Service Supervisor from Coast Community Bank explained:

> Because we are selling Bendigo's products and we use their systems and everything and at the end of the day you would like to think we are all part of the same team even though we are our own separate entity really but I can see that at the end of the day we work for both teams. A team player for both sides – Bendigo and the community (Interview, 10 April 2002).

It appears that Bendigo Bank had the same level of commitment from community bank employees that it had from employees in its own branches without having any of the responsibility to them as employees. The community bank staff again, were employed by the local franchise company. The local management committee is responsible for setting the wages, overseeing performance reviews, and endorsing changes to staffing levels. If the local finance company was to go out of business, under the terms of the franchise agreement, Bendigo would have no responsibility to staff for any unpaid entitlements.

Nevertheless, when it came to the issue of who would be responsible for resolving issues of conflict between staff, or between staff and the local manager, most interviewees thought that this would be handled through Bendigo Bank management. The Customer Service Supervisor at the Shire Community Bank was adamant about the need to involve Bendigo. She argued:

> If it is staff related I would be going initially to regional office, to our Area Manager, and ask him to take it up on behalf of Bendigo to the Board. As the Regional Manager he has more input with the Board than I would. He goes to Board meetings, he knows the Board members, he can approach them (Interview, 10 January 2003).

The CSOs also looked to the support of the larger, parent organisation. This view was held despite the fact that the community bank concept emphasises the importance of operating at the local level. They believed that Bendigo Bank management provided an additional layer of support and in some cases may be an advocate on their behalf.

In the community banks, there is an expectation that workers will not only service that 'community', they will be part of the community. The Chair of the Shire Community Bank, when discussing the possible criteria for a CSO's performance review, expressed the view that part of the performance review should be based on the fact that: "The CSO is in fact taking part in the community and is getting to know people and talking to people. It is just as important as the banking side of it" (Interview, 11 April 2002).

The customer-service focused approach of the community banks extended to the fact that they did not use sales targets. Whereas, the primary role of CSOs in the major banks was that of selling bank products, in community banks the emphasis was on service with a lower key approach to selling. The major retail banks have shifted towards offering staff a 'transactional' psychological contract with an emphasis on performance related rewards and a much more instrumental view of the customer. The 'relational' psychological contract in community banks rejects tying rewards to sales targets and emphasises the interdependence of management, workers and customers. [89] As a CSO from the Shire Community Bank explained:

> It is what people like; it is more customer focused rather than dollar driven. In other banks you have targets for how many referrals you have got to get for the day and if you don't meet them they are not very happy with you, whereas here people just walk in the door. There is no pressure to sell. It just sells itself (Interview, 10 January 2003).

A number of the CSOs indicated that not having to achieve sales targets had removed a considerable degree of stress from their working day. As a CSO commented: "Working here is a lot more pleasant. You don't have that stress behind you saying you have got to get so many sales. You don't have that target pressure" (Interview, 10 April 2002). Individual sales targets are not used within the Bendigo Bank branches either. Allan Johnson explained why Bendigo had taken this approach:

> In a team environment we don't set targets for individuals we set targets for the team. The group strives to obtain a mutual target. We don't say to the individual that if you refer 15 home loans this week you will get an extra $10 in your pay packet at the end of the week. We don't believe that is the way to do our business. We are more about a team and branch focus. Obviously if the branch performs then the rewards come back across the whole team rather than singling out an individual (Interview, 12 November 2001).

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[89] Bendigo Bank set branch targets for the community banks for the first twelve months based on the feasibility study conducted during the establishment phase. There were further projections made for the next three years of operation.

The Chair of the Shire Community Bank believed that intrinsic rewards were as important to staff as extrinsic rewards. Commenting on Shire's strong record of growth since opening, he envisaged in the future offering staff special recognition awards: "Probably when we become the number one community bank we will give them all a rose on the day. I don't know, sometimes a rose might be worth as much as $100" (Interview, 11 April 2002). However, he may have had to alter his view about the equal value of flowers and money. The bank had been in operation for just six months when the staff became aware that employees at another community bank were being paid more than they were. They were able to negotiate an increase in their pay to bring it in line with the other bank. The negotiations took place with the community bank manager and he presented it as a recommendation to the local management committee. The management committee agreed to the increase, although there is now an understanding amongst the staff that another pay rise will not be forthcoming until the bank begins making a profit. As one CSO explained: "The pay rise was what the Board decided is a fair thing to offer and nothing will really happen again until the Bank is making a profit, which is fair enough" (Interview, 10 January 2003).

When community banks begin generating a profit they also have responsibilities to return a dividend to shareholders and there is a high expectation that some of the profits will be returned to the community through a community development project or grant. It is only after these other commitments are met that staff can expect to share in the success.[90] The Manager of the Shire Community Bank acknowledged that

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[90] A community bank in Western Australia is one of the few in the Bendigo network to have taken steps to ensure staff share up front in financial success. This is one of only two banks in the community bank network that employ staff under a union negotiated certified agreement. Alongside this agreement sits a policy document that outlines the rewards that will be given to staff as the community bank reaches certain milestones in it its profitability. A member of the community bank's management committee explained that: "It takes a lot to provide the level of service Bendigo requires. Staff are expected to attend a lot of things in their own time. They are asked to be part of the community more so than staff in other retail banks and they should be rewarded for that. After all, the community gets rewarded and shareholders are rewarded, but it is the staff who have got us there" (Interview 23 April 2003). Significantly he was a past Secretary of the Western Australian Branch of the FSU and his experience in the union had convinced him that staff should be first in line when profits are divided up. He expressed concern that this outlook was not shared by the majority of community bank management committees with their backgrounds in farming and small business and that community bank staff. He also reported that when his management committee first informed Bendigo Bank management that they intended to introduce such a policy "they were dead against it" (Interview 23 April 2003). However, he said that within 48 hours the management committee had received a call from Rob Hunt saying that Bendigo would agree to the community bank instituting a separate policy setting out performance payments to the staff in the community bank.

for motivational and equity reasons there should come a time when the bank staff could share in the profitability of the bank. He speculated that:

> Once we become profitable I would like to think the success of the business would have an impact on the remuneration of the staff and they can share in that success. Now again that is something that each community bank would have to agree with its board I don't think there is anything in the franchise agreement that would stop that happening. Obviously Bendigo would be aware of what is happening and they would want to be kept in the loop (Interview, 30 October 2002).

Rob Hunt claimed that the community bank strategy, "means decisions are made closer to the customer ... and employment and empowerment of those closer to the customer, so that they can carry out as broad a service as possible" (Cornell 2003: 32). Yet it appears that rather than human resource management decisions being made 'close to the customer' by the local management committee Bendigo Bank management has preferred to retain control over human resource management practice within the community bank network. The comments of the Manager of the Shire Community Bank indicate that any decision made to introduce innovative human resource strategies has to receive Bendigo Bank approval. There appears to be a fine line drawn between autonomous branches managed by independent management committees and Bendigo exercises a high degree of control over aspects of the human resource management strategy and practice within the community banks.

9.4 Industrial Relations

Bendigo Bank exercised even more influence over industrial relations practice within the community banks. While the 1,800 staff employed directly by Bendigo Bank were employed under a Federal certified agreement, the customer service staff employed in the various community banks, who in 2002 numbered approximately 330 were, with the exception of the two community banks in Western Australia, employed under AWAs.[91] The two banks in WA employed their staff under Federal certified agreements. The Manager, Organisational Development and Culture at Bendigo Bank,

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[91] The 87 Managers employed across the Community Banks are employed under individual common law contracts, the rest of the community bank employees work under AWAs.

explained that, “the AWA is standard across the community banks. It is a hybrid of the Certified Agreement” (Interview, 4 September 2001). This, she suggested, ensured that conditions were consistent across the community banks, “because the AWA is replicated and the terms in the AWA and Certified Agreement are mirrored” (Interview, 4 September 2001).[92]

The Office of the Employee Advocate provided access to AWAs from six of the community banks.[93] Table 9.1 contrasts in detail information from three of these AWAs[94] with selected provisions in a union-negotiated certified agreement with a community bank in Western Australia, Bendigo Bank’s non-union negotiated certified agreement, and the Commonwealth Bank’s union-negotiated enterprise agreement. The major conditions outlined in the AWAs for each community bank employee are identical, with the only variation being in relation to precise rates of pay and provisions regarding employment status. The use of AWAs by Bendigo Bank across the community bank network reflects what Waring (1999) has charactertised as a procedural individualism rather than a substantive individualism. Under substantive individualism AWAs are used to introduce different terms and conditions of employment for different employees. Under procedural individualism the terms and conditions are standardised even though the agreement is notionally individualised (Waring, 1999, as cited in Leonard 2001: 200).

The three community banks represented in the table are those paying the highest, lowest and mid-range base salaries in the group. The highest salaries were paid by a community bank located in a regional area within commuting distance of a large metropolitan city in NSW.[95] The bank paying the lowest salaries was also located in a regional area within commutable distance of a large metropolitan city in Victoria.

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[92] The number of employers with AWAs in the Finance Sector has grown from two per cent in 2001 to six per cent in 2003 (www.oea.gov.au, 6 April 2003). Some of this growth can be attributed to the growth of community banks. Each community bank would register as a different employer in the OEA statistics.

[93] It was not possible to gain access to AWAs from the case study community banks and the OEA stipulate that the anonymity of the community bank AWAs that they provided must be ensured.

[94] These three were chosen because they represented the highest, lowest and median salaries in the six sets of AWAs provided by the OEA.

[95] Under the Workplace Relations Act (1996), it is illegal to disclose the identity of the parties to the AWA.

Table 9.2

Employment Conditions in Retail Banking

Organisation	Positions Covered	Status	Base Salary $	Meal $	Laundry Allow.	Standard Hours	Ordinary Hours
Community Bank A AWAs (5) – April & July 2001	Customer Service Supervisor CSO CSO CSO X 2	F/T F/T F/T P/T	$35,000 $32,000 $28,000 $14.50 /hr	$7.10	Nil	Up to 152 hrs in 4 wks at Mgrs discretion Both FT and PT	7am to 11pm Mon to Sat
Community Bank B AWAs (5) August - September 2000	Customer Service Supervisor CSO x 2 CSO x 2	F/T P/T P/T	$27,170 $13.75/hr $13.00/hr	$7.10	Nil	Up to 152 hrs in 4 wks at Mgrs discretion Both F/T and P/T.	7am to 11pm Mon to Sat
Community Bank C AWAs (4) November, 2000	Customer Service Supervisor CSO CSO x 2	F/T F/T P/T	$32,000 $27,135 $13.73/hr	$10.70	Nil	Up to 152 hrs in 4 wks at Mgrs discretion Both F/T and P/T.	7am to 11pm Mon to Sat
Bayswater Community Bank Union-Negotiated Certified Agreement 24.8.2000	Supervisor CSOs CSO	F/T F/T P/T	$32,000 $27,130 $13.73/hr	$10.70	$4.46 per week	Up to 152 hrs in 4 wks at Mgrs discretion for F/T and P/T	7am to 11pm Mon to Sat
Bendigo Bank 2001-2004 Certified Agreement Sept 2001	Customer Service Supervisor CSO	F/T F/T	$29,990 $27,230	$12.00	$5.00 per fortnight	152 hours in a four week cycle for F/T and 145 hours in a four week cycle for P/T	7am Mon – 9pm Fri and 7am – 12.30pm on Sat
CBA & FSU Enterprise Agreement 30 May 2001	GC4 Supervisor GC1 CSO	F/T F/T	$32,536 $27,886	$15.50	Nil	160 hrs in 4 week cycle with entitlement for 1 RDO within cycle	8am to 8pm Mon to Fri

The difference in wages between the community banks and Bendigo Bank's Certified Agreement appear to reflect the variations in local labour markets.

Although the community bank AWAs did follow the Bendigo Bank Certified Agreement in most respects, there were several, significant differences. Most notably, the span of ordinary hours was longer in the AWAs than in the Certified Agreement. Indeed the span was dramatically wider than in the Commonwealth Bank Enterprise Agreement. Under the provision relating to probationary employment, notice was one day under the AWAs as opposed to one week in the Bendigo Bank Certified Agreement. The AWAs contained no laundry allowance. Community bank employees had to have their pay paid into an account with the community bank.
Under the terms of the Certified Agreement casuals in Bendigo Bank were paid 25 per cent loading. Under the community bank AWAs the casual loading was 20 per cent. The AWAs also confer a large degree of managerial discretion. For example, in the clause relating to overtime, the AWAs stated that "your manager will advise you of your scheduled meal break that will be of at least 30 minutes duration". In the collective agreements the clause read: "You will not be required to work for more than five hours (or five and half hours) without a meal break of at least 30 minutes".

On the basis of these differences, it appears that Bendigo Bank has been using AWAs to circumvent standard conditions in what, were effectively branches of the parent Bank. This highlights one of the complexities in employment relations in the community banks. Whereas the local management committee determine pay levels, Bendigo Bank management sets most other conditions. Employing staff in community banks under an AWAs facilitates the flexibility on which the community bank model of customer service is built. Individual employment relations facilitate flexibility in hours of work and provide for increased managerial discretion. As such, the AWAs in community banks exhibit the very workplace features that the Office of the Employee Advocate promotes AWAs as being able to deliver; that is, "they are flexible and allow you and your employee to set wages and conditions that are better suited to the workplace" (OEA 2001:2).

Flexible hours of operation are promoted as a key feature of the community banks. Under their AWA, community bank CSOs "may be required to work ordinary hours at any time on any day from Monday to Saturday inclusive between 7.00am and 11.00pm". There was no mention of loading or penalty rates. By contrast, staff employed in the Bendigo Bank branches under their Certified Agreement had "ordinary hours between 7.00am and 9.00pm from Monday to Friday and 7.00am to 12.30pm on Saturday" and loading and penalty rates applied. The opened-ended nature of the hours provisions within the community bank AWAs "gives management the prerogative to require employees to work hours longer than they are compensated for in their annualised salaries" (van Barneveld and Nassif 2003: 8).[96]

By their very nature the AWAs had no clause relating to union rights. This did not appear to concern any of the CSOs interviewed, as they all indicated that they did not belong to the union, despite the fact that they had all belonged to the FSU in the past. They were also adamant that they would not join the FSU again. There were two types of explanation given for this. Several of the CSOs felt that they had not been served well by the union in the past. As one CSO lamented: "When my staff and I were under enormous pressure in the previous bank I worked for they were powerless to do anything about it and in the end they just caved in" (Interview, 10 April 2002). This sentiment was shared by the Manager of Coast Community Bank:

> Given the background of all the staff I would be highly surprised if any of them joined the union. Personally I would never, ever in my entire life join a union again, particularly the FSU. I used to be a member of the FSU and I would never, ever do it again. I just find them to be a glorified body that has very little weight and concern for its members (Interview, 31 July 2001).

However, for the majority, the low level of union affinity arose from a belief that working in a community bank was so different to the bigger banks that union membership was entirely unnecessary. As a CSO from Coast Community Bank exclaimed: "I have always been with the union, but here no, no – there is no need to here" (Interview, 31 July 2001). In fact one CSO said she would not join the union again despite having been an FSU delegate in the past:

> I was a delegate in my former incarnation. They were good for me; they managed to resolve a lot of issues that came up. But we don't have issues. This is another point that is particularly relevant to Bendigo Bank. They have

[96] The Finance Sector Union (FSU) has raised concerns about the use of AWAs by the community banks (Derrick, 2001). The union is concerned that the community banks will erode industry standards by giving the major banks grounds to argue that they too may impose AWAs to remain competitive with the new industry players. Geoff Derrick, Secretary of the NSW Branch remarks that "Bendigo Bank was one of the first employers to embrace non-union enterprise agreements under the Brereton laws [*Industrial Relations Reform Act* (1993)] and has taken up AWAs with equal gusto" (cited in *Workers Online*, 27 July 2001). The FSU has begun a campaign aimed at targeting members of community bank management committees.

> been there, done that, they know what the situation is. So they say, 'Do it if needs to be changed and if it can be changed we'll do it'. I am not anti-union or anything like that. They do have their place but I don't see the relevance for us. I think they would be more of a hindrance than anything else (Interview, 10 January 2003).

Another CSO felt that she did not need to join the union because she believed that she "could approach the Board here and say my point and I think they would come to the party or we would come to some kind of agreement. I think we could do that amicably without having to get the union involved" (Interview, 10 April 2002). It was a widely held view that working for a small, local company meant there was no need to join the union. However, when the interviewees were presented with a specific scenario about addressing workplace conflict, most believed they would look to Bendigo to resolve the issue rather than the local management committee. It was apparent that there was a degree of confusion not only amongst customer service workers in the community banks but also amongst the community bank managers and chairs of the management committees, themselves, as to where Bendigo's responsibilities began and where they ended.

The growth in community banks represents an organising challenge for the FSU. Community banks have all the hallmarks of difficult to organise sites: individual employment arrangements, small employee numbers, high employee commitment to the organisation, and a wide geographical spread of workplaces. The FSU advised that union membership is less than 15 per cent across Bendigo Bank, including the community banks (Lockwood, 2001). The Manager of Organisational Development and Culture at Bendigo states that, "we have minimal union membership. If staff choose to join a union then that is their decision" (Interview, 4 September 2001). All the Bendigo Bank executives interviewed emphasised that union membership is an individual choice and Bendigo did not actively discourage members from joining the union. At the same time these executives remarked that they would be surprised if individuals within Bendigo Bank and the community banks felt the need to join the FSU. Unions and union membership were believed to be the antithesis of the Bendigo Bank culture. The Bendigo Bank culture emphasised notions of "shared responsibilities and rewards" and this extended from their relationships with the community and customers through to their expectations of Bendigo Bank and community bank staff.[97] As Allan Johnson purported:

> There is a tremendous mutuality within the Bendigo Bank and that is probably part of our culture. We have an expectation that our employees are going to do the right thing by us which cuts out the need for unionism. The level of people involvement with unions within the Bendigo Bank is minimal (Interview 6 March, 2002).[98]

This idea that there is an understanding between management and workers that each part will do the 'right thing' by one another is a key aspect of a 'relational' psychological contract that appeared to operate within the case study community banks. One consequence of the expectation of mutual interdependence is that workers in the community banks demonstrate a low union propensity[99] despite having belonged to the FSU in the past.

In the period between that interview and March 2003, 47 new community banks had opened and none of them had negotiated a collective agreement for their staff with the FSU. As Peter Presdee from the FSU observed: "The irony is that here is the union fighting to keep banks in the community and it is losing out and here the community forms its own bank and leaves the union out" (Interview, 30 May 2001).

[97] There is also a union-negotiated Enterprise Agreement registered for Brunswick Community Financial Services Ltd with the Australian Industrial Relations Commission. This Agreement outlines a close working relationship between the FSU and the Steering Committee of the Brunswick Community Financial Services Company. However, Brunswick Financial Services Steering Committee's bid to establish a bank failed at the end of the process when they were unable to raise the finance needed. This lack of success was said to be the result of the lack of commitment by small business traders to the venture (Boreham, 2002). It is worth noting that the Community Bank that lacked small business representation on its Steering Committee and did not have the backing of small business traders in the area was also keen to include the FSU in its negotiations and allow for union membership amongst its staff.

[98] This was not the case in the two community banks in Western Australia that employed their staff under Certified Agreements negotiated with the FSU. Both agreements contain union recognition clauses. Staff employed under these agreements are members of the FSU. Peter Laragy, the Industrial Officer at the FSU responsible for working with Bendigo Bank, reported that the FSU had a good working relationship with Bendigo Bank and "with the Western Australian branches where we have agreements there has been a free and fair flow of information and dialogue" (Interview, 28 May, 2001). He was optimistic about the opportunities the FSU had to negotiate other certified agreements with new community banks and to ensure that these greenfield sites become unionised sites.

[99] Peetz (1998: 213) has defined 'union propensity' as a willingness or unwillingness of employees to join a union.

9.5 Worker Identity

The aspect of their work from which the community bank CSOs derived greatest job satisfaction was the opportunity to spend time positively interacting with their customers. As one CSO commented: "What is really good about working here is that you treat people the way they treat you and everyone is a lot friendlier and you know that they are not irate when they first walk in the door" (Interview, 10 April 2002). This accorded with wider evidence about worker satisfaction and dissatisfaction in retail banking. Probert *et al* (2000) have found, retail bank employees identify customer service as the most rewarding aspect of their work despite management's attempts to decrease the amount of face-to-face interaction.

Like the credit union interviewees, the CSOs in the community banks frequently recounted stories about getting involved in the lives of their customers, about visiting customers in their homes, and about taking money to customers who were too ill to get in the branch. As one CSO recalled:

> We have one (customer) that basically is stuck at home and he can't get out and he rings up every now and then and says, "Can you bring me some money?" and we take it up there to him and he signs the voucher and we bring it back … We have got another customer who has rung in and said, "I can't get in", so I have just taken the money up. They are good customers and you like to do that for them. It is part of being in the community (Interview, 10 April 2002).

These remarks are suggestive of Tolich's (1993) findings regarding supermarket clerks. He found that clerks "cultivate" their customers and keep them returning to the store by performing special services for them. Just as the supermarket clerks cultivated these customers for their own needs as much as managements, so too did community banks CSOs.

The extent of the emotional labour involved in retail banking can extend well beyond giving the time of day to a lonely person. One of the CSOs recalled the day one of her customers called to say she would not be coming into the bank again and she wanted to thank the CSO for all the help she had given her in putting her financial affairs in place, so that she could die peacefully (Interview, 10 April 2002). The CSOs interviewed indicated that they wanted to become involved in the lives of their customers. As Korczynski *et al* (2000) argue, they wish to identify with an 'embodied' rather than a 'disembodied' customer, and the community bank management has been encouraging them to do so. All of the community bank CSOs interviewed indicated that it was most important to them that the organisation they worked for shared their "ethic" of customer service. As a Coast Community Bank CSO commented: "Well they [Bendigo Bank management] actually care about the people. Well I care about the customers, so they have got my ethics" (Interview, 31 July 2001). It was not enough that they were simply allowed to take the time to get to know their customers; they also appreciated the fact that they were encouraged to do so and that such notions of customer service were supported by other aspects of the organisational culture.

It should be noted that all of the community bank CSOs interviewed were women. The job satisfaction they derived not only from their roles as service workers but also from the fact that management encouraged them to interact with customers beyond the simple service resembles that expressed by employees at the NSW Teachers Credit Union. This also supports findings of Bulan *et al's* (1997) study of health and banking employees, which compared the responses of women and men working in these two industries to various aspects of their roles. Their study found that the satisfaction derived from the performance of the service role was similar for both women and men. However, women appeared to derive extra satisfaction, "when they feel that their effectiveness in fulfilling the affective requirements is valued" (Bulan *et al* 1997: 252).[100] Certainly, all the female community bank CSO interviewees appreciated the fact that both Bendigo Bank management and the local management committee valued their ability to form connections with their customers and to offer high levels of customer service.

This strong identification with management values extended to the CSOs drawing on the management discourse of community to explain their preparedness to offer an extra level of service. In dong so, they conferred a degree of personal meaning far beyond that entailed in the provision of a financial service. As Austrin (1997: 109) found in his study of retail banking in New Zealand, the boundaries between customers and friends became "blurred when employee identity is extended and embedded in variable forms of social organisation". In community banks the

[100] By 'affective requirements' Bulan *et* al (1997: 237) refer to "the effective emotion management and self-presentation skills that have become an increasingly important part of many forms of interaction".

boundaries were blurred between ‘customer’ and ‘community’, and worker identity was embedded not only in the workplace but also in the local ‘community’. CSOs believed themselves to be contributing to the overall well-being of their ‘community’. As one CSO stated: “I think that what attracted me was the chance to put back into the community, share the experience I have gleaned from [working in] banking over the 30 years and watch something grow up” (Interview, 10 January 2003). These sentiments were echoed by the manager of the same bank: “Part of it also for me is that it isn’t just another job but you are part of the local community and you are contributing something to the local community” (Interview, 30 October 2002). In this way, a customer service strategy that incorporates a ‘discourse of community’ allows workers to construct their labour as morally infused and charged with notions of care, responsibility and service (Wray-Bliss 2001: 52).

The concept of customer service that CSOs in the community banks brought to their roles had been built up over many years of working in retail banking. Their definition of ‘good’ customer service accorded with their early experience within the retail banking sector. All of the CSOs interviewed had considerable experience in the sector, with only one having less than ten years experience. Of the remainder, over half had more than twenty years experience in retail banking. Allan Johnson, Bendigo Bank’s Recruitment Manager, indicated that CSOs with longer careers in the retail banking sector have known “something different” and bring to their role a different conceptualisation of “good customer service” (Interview, 12 November 2001). Just as there are different discourses around customers across the retail banking sector, so there are different discourses around service, and what is considered to be ‘good service’. Johnson’s comments suggested that workers with long term banking experience do in fact conceptualise ‘customer service’ in different ways to newer banking recruits. Bank workers with long term experience had a different socialisation into service provision. Bendigo’s discourse around the customer and customer service resonated with the ideal of ‘customer service’ that older and more experienced retail bank workers had developed over their working life. Commenting on her experience working for a large retail bank, one CSO observed: “There was a stage when I used to enjoy; it then I didn’t like it because it changed quite a lot from the old banking systems and then coming here was like back to the old ways” (Interview, 10 January 2003). All CSOs expressed satisfaction at being able to return to a form of customer service that they associated with their early careers in the industry. As a Coast Community Bank CSO with 25 years experience in the banking industry explained:

> I feel like I have done a full circle. It is more on personal customer service. We know the customers, we call them a lot more by name than you would in say a big bank, where it is just so busy and (because of) lack of staff you don't provide the service you can give here (Interview, 31 July 2001).

Another CSO from the Shire Community Bank differentiated between the kind of service able to be offered in the major retail banks and the type of service she believed she was encouraged to provide at the community bank:

> Coming from one of the bigger banks, it is serving the same person more than once and actually getting to know their names. I was with a smaller bank and went to a bigger bank and I found it so frustrating that I never got to serve the same person twice. So I never got to say, 'Hello Mrs Smith how are you today', whereas here you can. You will serve people and you know their name. I like that bit (Interview, 10 January 2003).

The approach taken to customer service in the community banks held strong appeal for long term retail bank employees because it allowed them to return to work practices that reinforced a preferred identity developed earlier in their working lives. Far from requiring workers to move beyond discourses of the past, Bendigo Bank management has actively invoked identity nostalgia to achieve high levels of employee commitment. As a consequence, community bank workers have enthusiastically embraced, "an alternative ideal, one built not around galvanizing utopias for the future, but around the warm and loving reconstructions of the past" (Gabriel 1993: 136). In many cases, the community bank workers' values of customer service were developed earlier in their careers when retail banking institutions placed a premium on face-to-face service and the pressure to sell was far less pronounced. It was the way that their previous employers (the large retail banks) had subsequently replaced this ethic of service with a focus on sales that had given rise to an idealised sense of the past. In effect, the high level of commitment demonstrated towards their new employer was a legacy of the stark shift in management values encountered in their previous work experience.

Bendigo Bank has capitalised on both customer and worker nostalgia for banking practice of the past to promote its community bank model. It has also drawn on worker preference for a focus on service rather than sales in order to engender a high level of employee commitment. The way that workers in the community banks have embraced Bendigo's discourse of 'customer as community' is influenced by their memories of, and preference for, banking practices of the past. In this way, Bendigo's particular conceptualisation of the customer and customer service aligned with community bank workers' own notions of customer service and helped to reinforce a preferred, past identity.

9.6 Conclusion

Bendigo Bank community banks are promoted as a customer-led response to changes in the banking industry. Potential customers of the bank are responsible for setting up the steering committee and conducting a feasibility study. Once the bank is established these 'customers' have an ongoing role as managers of the local franchise company. The customers who appear to be most actively involved in establishing the banks are small business traders. There is a high proportion of representation from local traders on the management committees of the community banks. These customers are also managers of their own businesses and bring to their management of the community bank a small business approach suffused with the values of localism and flexibility. The management committee employs the bank staff and sets the terms and conditions of their employment. In this way the customer has taken on the role of the 'other boss' (Fuller and Smith 1991). Community bank employees do indeed have two bosses. Those interviewed for this study rightly saw the employment relationship as involving both the local organisation and Bendigo Bank.

Bendigo Bank's customer and employment relation strategies seek to tap into customer and worker nostalgia for banking practices of the past. By drawing on what it calls 'old-fashioned' notions of customer service, Bendigo Bank aims not only to attract disenfranchised customers of the large retail banks, but also to engender high levels of service quality from staff in the community banks. The emphasis on service quality and the eschewing of sales targets is reflected in the 'relational' psychological contract operating within the community banks. The expectations implicit in this contract assume a high degree of mutual interdependence between management and workers, and are reinforced by rewards that are not explicitly performance contingent.

The emphasis placed by management on providing high levels of customer service also added to community bank workers' job satisfaction and allowed them to project their values and sense of self (Frenkel *et al* 1999, Ashforth and Humphrey 1993). As Rosenthal *et al* (2001) suggest workers have their own conceptualisations of customer service. In the case of the CSOs interviewed for this study, their discourses of customer service had been shaped as an oppositional discourse to the strategies of their previous employer, the large retail banks, not their current employer, the community banks. All the CSOs interviewed had many years experience working in the large retail banks. They had experienced first hand the implications of the introduction of a 'sales' strategy in the large retail banks. For all of them this experience had been extremely negative, and community bank staff appear to derive a great deal of satisfaction from having the time (and in fact the expectation that they will get) to know the customers and form relationships with them. They appreciate the fact that the concept of customer service offered by Bendigo Bank is consonant with their own conceptualisations of 'good customer service'. This contributes to a sense of meaning, responsibility and personal fulfillment (du Gay 1996: 80). Moreover, Bendigo's discourse draws an equivalence between customer service and community service. Linking the subject of the customer with the subject of the community extends the "moral" dimension of "customer service work" (Wray-Bliss 2001). There is even greater potential for a sense of fulfillment and self-actualisation for the worker if they believe the work they do extends beyond that of delivering good customer service to serving the needs of a community.

Tyler and Taylor (2001: 66) have identified an emphasis on familial and community-based discourses within recent management initiatives. Drawing on the Hatcher (1999) they argue that within these discourses emotional commitment entails an ethical component and that this is often regarded as a substitute for contractural rights on the part of the employee. The Bendigo Bank community bank initiative can be viewed in this way. Bendigo Bank's discourse draws customers, shareholders and workers into their concept of 'community' and this has enabled Bendigo to extend its branch network without having to take full responsibility for establishing the branches or directly employing the staff.

SECTION FIVE

GENERAL CONCLUSION

CHAPTER TEN

GENERAL CONCLUSION

10.1 Introduction

This study of Australian retail banking has provided a range of insights for expanding our understanding of the role of the customer in the world of work. The thesis explicitly explores the links between particular discourses of the customer and workplace practices. Retail banking fits within Leidner's (1993) classification of 'interactive service work' because workers in this industry are required to interact directly with customers and because the 'quality' of this interaction is part of the service on offer. In retail banking the front-line worker produces the service and the customer consumes it simultaneously. As such, the customer cannot be separated from the service process. However, as this thesis demonstrates, the nature of this interaction has undergone significant change in line with changing financial services structures and discourses since the 1980s.

I began the thesis with an interest in the customer as a tangible presence, however the research uncovered the importance of the customer as a discursive construct. The major contribution this thesis makes to the literature is that it shows how these discursive customers can have just as much influence on aspects of the employment relationship and worker identity as 'real' customers. The thesis extends the existing literature by identifying a number of roles that customers may assume, or have conferred upon them, during the service exchange. These include: the customer as ally; the customer as co-producer; the customer as 'the other boss'; and the customer as our 'friend the enemy'. The thesis also identifies other metaphors of the customer that were utilised by both management and workers in the case study organisations. These include: the customer as 'community'; the customer as 'member'; the customer as 'equal'; and the customer as 'friend' or 'family'. The thesis extends our understanding of the role of the customer in organisations by demonstrating how these constructs of the customer are utilised by management, workers and, at times, customers themselves to define, interpret, shape and reshape the nature of the service relationship.

As the evidence from the case study organisations confirms, reshaping of the service exchange has profound implications for the nature of the employment relationship. This evidence also highlights the ways in which reshaping of the roles and meanings attributed to the customer may impact on worker identity. This, of course, is not meant to imply that worker identity is so malleable that it can simply be remoulded by shifts in management discourse and strategy. The evidence presented in this thesis attests to the fact that workers are active in reinforcing and reshaping their identity. Workers in the case study organisations draw on discourses of the customer not only to reinforce and their identity as *service* providers, but also to resist management attempts to change work practices and influence worker subjectivity.

In Australia, the retail banking industry is located within the broader sector category of Financial Services. The ‘repackaging’ of financial institutions into the broad category ‘financial services’ occurred during the 1980s and 1990s and was part of a global trend of deregulation aimed at breaking down traditional boundaries and intensifying inter-industry and international competition (Knights and Tinker 1997: 3). In Australia, this blurring of industry boundaries and heightened competition has radically transformed these institutions and what it means to be a financial services customer.

The evidence relating to the large retail banks, the credit union and community bank case study organisations can be resolved into four interconnected analytical constructs. These constructs are: customer relations strategy; human resource management (HRM) strategy; industrial relations; and worker identity. By applying this analytical template, and without negating the subtleties of each of the cases, it is possible to identify a pattern that operated across the organisations and a range of relationships between these four themes. Following this summary of the research findings the final sections of the conclusion outlines the specific contributions the thesis makes to the debates and literature on the customer, as well as discuss possible areas for future research.

10.2 Customer Relations Strategy

Retail banking in Australia is dominated by the four major banks, the ANZ, CBA, NAB and Westpac. These four banks offer very little differentiation in terms of customer relations discourse. They have responded to changing sector and industry structures in much the same way; that is, by using the discourse of competition to reshape notions and modes of delivery of customer service.

The primary competitive strategy of the major banks has been a reduction in the need for face-to-face delivery of services. Technological innovation has both facilitated and driven the changing face of customer service in the retail banking industry. For the majority of retail bank customers, concepts of ‘customer service’ now centre on notions of service via machine or in cyberspace, rather than a person. Yet there is a desire, preference, and even need on the part of some customers for service that involves face-to-face interaction between customer and worker. Except in relation to ‘high-value’ customers, the concept of customer service offered by the large retail banks rarely acknowledges this aspect of customer service.

In essence, the overall strategy of the major retail banks has been to segment their customer base, to reshape the role of the customer as a co-producer of the service exchange, and to have customers conduct their banking transactions themselves through the use of ATMs, phone and internet banking. The large retail banks have used fees and branch closures to reduce costs and ‘encourage’ customers to take up these technological options. When these banks do seek to interact directly with their customers this has been reconstituted as a sales encounter rather than a service exchange. These changes in the major banks’ customer relations strategies have led to extremely high levels of customer dissatisfaction. This dissatisfaction is attributable in large part to the gap between the level and quality of customer service offered by the large retail banks and the more traditional expectations of customer service still held by many customers.

However, partly as a consequence of industry deregulation, there is now a range of retail banking institutions in Australia claiming to offer alternative customer service approaches. The oldest of these institutions are the credit unions. Credit unions represent a revealing point of contrast to the large retail banks because, as co-operatives, they are not-for-profit organisations and are therefore not shareholder driven. Credit unions claim to offer a different kind of customer service because, as mutuals, they promote the idea of member not customer. Credit union members are said to be the organisation’s owners and it is this idea that sets credit unions apart from other financial institutions. However, deregulation of the financial services sector and wider industry restructuring has placed the credit unions' core philosophy of mutuality under considerable pressure.

The corporatisation of the public sector, the privatisation of a range of government instrumentalities, and the decline in the manufacturing sector has caused the demise of a large number of specialist credit unions. Ironically, deregulation of the financial services sector has compelled many of the smaller credit unions to merge with larger credit unions as they have found themselves unable to meet the increasing legislative requirements. Whereas credit unions once operated under a 'closed bond of association' and serviced a fairly discrete customer base, most credit unions in Australia have had to 'open' their 'bonds of association' and now serve diverse customer bases while competing on a 'level playing field' with other providers in the industry. This broadening of their customer base and loss of a 'bond of association' between members and the credit union is making it increasingly difficult for credit unions to differentiate themselves from the large retail banks. This has been exacerbated by the fact that increased competition within the retail banking industry and the introduction of alternative forms of credit have reduced credit unions' original niche market of personal loans. In turn, this has seen most credit unions introduce fees and charges on accounts. Despite this, credit union members still rate their institutions highly in terms of 'customer satisfaction' and this is in part because of the discourse of customer as member and the emphasis on member service that such a discourse encompasses.

However, detailed empirical evidence from three case study credit unions indicates that this discourse is becoming increasingly difficult for some credit unions to sustain. Indeed, it has also come to mean less and less to many credit union members themselves. This is reflected in the way that the discourse of mutuality is shaped by each of the credit unions and this, in part, reflects the point at which each of the credit unions has placed itself on the service-to-sales continuum.

At Power Credit Union, industry restructuring has resulted in the closure of government-owned instrumentalities and dissipated the organisation's original 'bonded' group. Power now services a membership base drawn from a predominately poor socio-economic region and the pressure to build a more profitable member-base has resulted in a focus on 'selling products' and a shift away from a discourse of mutuality and membership to one of enterprise and customer.

At Holiday Coast deregulation of the dairy industry in NSW, along with the deregulation of the retail banking industry itself, has led to widening of the member base away from dairy towns to a wider range of localities on the mid-north coast of NSW. Merger with Maitland Community Credit Union and the establishment of branches under the CreditCare program has provided Holiday Coast with an extensive branch network. While the strategy of expanding its branch network sits in stark contrast to the approach taken by the large retail banks, Holiday Coast has emulated the large retail banks' strategy of segmenting members with the aim of increasing their value to the credit union or discouraging 'low value' customers from remaining as members. Holiday Coast management has reshaped the principle of mutuality away from the original idea of mutual benefit between members to incorporate the idea of mutual benefit between members and the organisation.

Conversely, and in large part because of the strong links it has been able to maintain with its original bonded group, state government teachers, Teachers Credit Union has been able to maintain a strong commitment to the credit union principle of mutuality. Drawing on a discourse of 'mutuality as equality', management at Teachers has rejected the idea of sales and targets and continues to place an emphasis on providing high levels of member service.

As at Teachers, the competitive strategy of the network of community banks sponsored by Bendigo Bank is based on providing high levels of customer service. The community banks do not emphasise 'selling products'. They rely on high levels of customer service and the fact that many community bank customers are also shareholders in their local bank, to generate new business. Further, the fact that the local residents have had to raise a minimum amount of start-up capital also ensures that community banks are established in areas that are well able to generate profits for the local bank and revenue for Bendigo Bank.

Bendigo Bank has drawn on a discourse of 'customer as community' to expand its market share through its community bank network. Since Bendigo launched its community bank concept in 1998, over 110 community bank branches have opened across Australia. The community banks are essentially franchises of Bendigo Bank, however, they are promoted as locally owned and locally responsive. Under the community bank model customers take on the role as 'co-producer' of the banking service and share in the responsibilities, risks and rewards of re-establishing a bank branch presence in their locality.

Bendigo's particular conceptualisation of 'community' is underpinned by a claim to have returned to banking values of the past with a local branch manager who understands the needs of his or her customers and has the authority to make decisions locally. Bendigo has sought to tap into nostalgia on the part of some retail banks' customers for a return to a past era of retail banking practice.

10.3 Human Resource Management Strategy

In the major retail banks, the closure of branches and the recasting of the customer as a 'co-producer' in the service exchange has led to significant, ongoing job losses, particularly from customer service positions. For those remaining front-line service workers, their role, which is increasingly part-time, has been reshaped from that of customer service provider to that of sales person. This shift in discourse and strategy has been accompanied by a change in the nature of the psychological contract offered by management to workers from a relational contract to a transactional contract. The relational psychological contract previously offered to retail bank workers centred on notions of a 'fair day's work for a fair day's pay' and was underpinned by the principles of seniority, loyalty and job security. Retail bank workers now have very little security, are required to be highly adaptable, and have an increasing proportion of their pay tied to meeting sales targets. These performance pressures and the constant ratcheting up of sales targets have contributed to growing levels of worker dissatisfaction in the major banks.

At Power and Holiday Coast, the human resource management approach has also followed that of the large retail banks. While Power has adopted a more cautious approach than Holiday Coast, both credit unions have sought to move from a relational to a transactional human resource management approach, including a greater emphasis on results-based remuneration. At Holiday Coast, where staff have found the shift from service to sales difficult, this has resulted in lower levels of employee satisfaction and commitment. At Teachers, by contrast, the psychological contract remains strongly relational with a rejection of the practice of recognising and rewarding individual performance, significant investment in training and development, and an emphasis on the mutual interdependence and the equal status of all organisational actors.

The eschewing of sales targets and individual performance measures by the community banks is also indicative of the predominance of a relational psychological contract. To some extent this relational psychological contract represents a return to employment practices of the past because it rejects notions of performance-based pay and emphasises notions of mutual loyalty.

However, Bendigo's claim to offer customer service and employment conditions that reflect banking practice of the past is underpinned by a very non-traditional notion of flexibility. The small business model of operation that the local management committees of the finance companies bring to their oversight of the bank, coupled with Bendigo's discourse of service to the 'community' means that community bank staff, particularly the local branch managers, can be expected to work long hours for no additional pay.

10.4 Industrial Relations

The shifting customer relations and human resource management strategies at the large retail banks have affected both workers and customers alike. In recognising this, the FSU has sought to incorporate customers into its campaigns. The campaigns have been aimed primarily at arresting job losses and a corresponding decline in union membership, as well as at engendering greater accountability on the part of bank management, and re-regulating sections of the banking industry. In developing its campaigns and strategies the FSU has drawn, in part, on the concept of 'community unionism'.

However, the loose coalitions it has formed with some bank customers and consumer groups fall well short of what has been described elsewhere as 'community unionism'. The success of the FSU's campaigns has been limited by the power of institutional shareholders in the major retail banks, the failure of the union to run their 'community' campaigns at the local level and to engage the union's rank and file, the limited resources of the consumer groups, and the 'contrariness' of retail bank customers themselves. Constructing retail bank customers as 'allies' of retail bank workers has been far less straightforward than the FSU leadership had anticipated. This is in part because a discourse of 'customer as ally' draws itself on flawed notions of the 'sovereign customer'. The FSU's discourse of the 'customer as ally' was predicated on the assumption that all customers are 'equal' and 'free to choose'. Yet the dominance of the retail banking industry by the four major banks means that most customers, as individuals, have very limited consumer power. The segmentation strategies pursued by the large retail banks have meant that those customers with high 'market worth' have been disinclined to share the same concerns as retail bank workers, essentially because they continue to receive high levels of personalised service. Those customers that do share the same frustrations as bank workers are just as likely to vent their frustrations on retail bank workers as they are to identify with them as allies. In this way, retail bank customers can be both "friend and enemy" (Benson 1986:6) to front-line workers and the FSU faces a difficult task balancing its response to these two faces of the customer.

The evidence from the case study organisations shows that the way in which these contradictions and tensions play out impacts on workers' willingness to join, and remain with the FSU. At Power, the significant gains made during the first round of their union negotiated EBA resulted in extremely high levels of union membership. At Holiday Coast some employees have joined the FSU, despite management believing that union membership was confined to the 'ex-bank' employees. Although overall rates of unionisation at Holiday Coast continue to be low, they are nevertheless increasing, and those who have joined have done so as a direct response to the much more instrumental approach management has adopted towards both members and employees.

Conversely, at Teachers a culture of mutual commitment and trust is evident in the relatively high wages paid to member service officers. It is also reflected in high levels of worker satisfaction, and this appears to be a major reason for declining rates of unionisation at Teachers. Employees at Teachers attribute their good wages and conditions to the organisation, rather than to any gains made during wage negotiations by the FSU.

With the exception of two community banks in Western Australia, all community bank staff are employed under a standardised AWA. The use of AWAs in the community banks ensured that conditions across the community bank network were consistent and, at the same time, allowed local management committees to negotiate wages in line with local labour market conditions and enterprise capacity-to-pay. The use of AWAs is generally associated with non-union workplaces. Indeed, none of the workers at the four case study community banks were members of the

FSU despite the fact that they had all belonged to the FSU when working for one of the large retail banks. Their current ambivalence about union membership arose in most cases from a belief that the culture of community banks negated the need for union involvement.

10.5 Worker Identity

Both customers and workers in the large retail banks resent the instrumental approach to customer relations that sales work embodies. Retail bank customers may desire friendly, reliable service but the emphasis on selling reminds them that the bank primarily views them in a much more instrumental way: as a source of further profits. Many retail bank front-line workers also resent having to view customers in this way and their preference is for a "relationship of empathy and identification" (Korczynski 2002: 116).

At Power Credit Union the new emphasis on selling conflicted with workers ideal of 'good customer service' that had developed over years of working for a not-for-profit organisation. Contrary to the argument advanced by Frenkel *et al* (1999) the new sales culture did not motivate Power employees to provide "service with a smile". Having to view each member as a 'sales opportunity' also conflicted with their preferred identity as member *service* not *sales* officers. The workers at Power preferred to identify with an "embodied, individual" *member* rather than the "collective, disembodied" *customer* promoted by Power management (Korczynski *et al* 2000). MSOs at Power were aware that the shift in discourse from *member* to *customer,* and from *service* to *sales* represented a move away from the principles of mutuality that had informed their work practice and service ethic. Their resistance to these changes was reflected in the refusal of the MSOs to adopt their new titles of Member *Sales* Officer and by continuing to identify 'helping people' as the most important aspect of their role despite management's emphasis on sales and organisational sustainability.

A more pronounced to managerial strategy and discourse was evident at Holiday Coast. As well as refusing to adopt their new titles of 'sales consultant', some workers also responded by treating the collection of sales figures as a "hollow game", while others have directed the resistance inward, leading to high levels of stress (Sturdy and Fineman 2001). Workers at Holiday Coast were resisting not just the changes in their roles, but also the contradictions they identified in attempts by management to recreate a 'bond of association' through a discourse of 'members as community'. The MSOs identified with the management discourse of 'member as community' because they had grown up in the towns serviced by Holiday Coast, and related to members literally as friends or family. However, they resented and resisted management strategy that required them to see these friends and family as sales opportunities with varying levels of worth. In resisting the changes being introduced by management, workers at Holiday Coast drew on the traditional credit union discourse of mutuality to reinforce a preferred sense of identity.

At both Power and Holiday Coast, the MSOs' morally based resistance to management's increasing emphasis on sales targets was given voice and authority by drawing on the credit union principles of mutuality, co-operativeness and social responsibility. This allowed them to argue that their resistance to the emphasis on sales was not simply about their individual opposition to 'selling'. Rather, it gave them scope to argue that the new 'sales culture' conflicted with the tenets of 'co-operativeness and mutuality' upon which their organisations were founded.

The high levels of worker satisfaction at Teachers can be attributed to the fact that the organisation's emphasis on member service aligns very closely with workers' own customer service ethic. The MSOs at Teachers drew on the managerial discourse of 'member as equal' to reinforce their ethic of service and sense of identity. Teachers was the only organisation in the study that employed male front-line service officers and these male MSOs were committed to delivering as high a standard of member service as female MSOs. The only difference was the way that they talked about the service component of their roles. Whereas for the female interviewees this was more about a sense of *personal* identity, for the male interviewees it was about a sense of *professional* identity.[101]

Community bank CSOs identified opportunity to interact with customers as the most satisfying aspect of their role. As did the workers at Teachers; the community bank CSOs also welcomed the fact that management shared their ethic of service. In much the same way that the MSOs at Teachers drew on the managerial

[101] The small numbers of interviewees at Teachers does not allow for anything more than a specific observation to be made, however, exploring this distinction between 'personal' and 'professional' identity would be an interesting area of future research.

discourse of 'members as equals', the community bank CSOs drew on the managerial discourse of 'community' to explain their preparedness to offer extra levels of service. In the community banks the boundaries between 'customer' and 'community' were blurred and worker identity was tied not only to the workplace but also to the local 'community'. Unlike Holiday Coast management, which failed to see the advantages to be had from having a workforce that was part of the local 'community', Bendigo management used a discourse of 'customer as community' to encourage community bank workers to take an active role in 'community' service. In this way, a discourse of 'customer as community' has encouraged and enabled community bank workers to construct their labour as "morally infused and charged with notions of care, responsibility and service" (Wray-Bliss 2001: 52).

The way in which workers in the community banks have embraced Bendigo's discourse of 'customer as community' is influenced by past work experience. All the community bank CSOs interviewed had considerable experience within the retail banking sector and their ideas about what constituted 'good customer service' had been developed earlier in their careers when retail banking institutions placed a premium on face-to-face service and the concept of selling products was non-existent. They disliked the way in which their previous employers had replaced the ethic of service with a focus on sales and the high levels of employee commitment they demonstrated to both Bendigo Bank and the local finance company were a legacy of their previous work experience with the large retail banks. The approach taken by Bendigo Bank and the local management committee was welcomed by the CSO because it allowed them to return to work practices that reinforced a preferred past identity.

These finding highlight the ways in which discourses of the customer employed by management impact on the nature of, and outcomes delivered by, the employment relationship. Equally, they reveal some of the ways in which workers can draw on these managerial discourses of the customer to reinforce or protect a 'preferred' identity that has been shaped by their previous work experience and by discourses of the customer that, in some cases, have been discarded by management. The evidence also shows that competing concepts of the 'customer' and 'customer service' influence not only the customer-service provider relationship, but also the way in which workers interact with one another and with management and how their sense of self is constructed through their work and through these relationships.

10.6 Customer Relations, Employment Relations and Worker Identity in Australian Retail Banking

While all retail banking institutions in Australia claim to differentiate themselves from their competitors in terms of customer service provision the research for this thesis has identified two opposing approaches to customer relations strategy in the retail banking sector. The first and most pervasive is a 'sales' approach built on an instrumental approach to the relationship between retail banking institutions and their customers. This sales approach centred on customer segmentation strategies that differentiated between 'low value' and 'high value' customers. The second approach was a 'service' strategy that relied on high levels of customer service as a way of retaining customers and increasing the amount of business they had with the organisation. On investigation the impact of these two distinct customer relations strategies on employment relations, has revealed an equally distinct pattern. Those organisations that adopted a sales strategy also adopted a transactional approach to human resource management. This approach tied individual rewards to results-based performance. In requiring employees to make the shift from a service to sales, the large retail banks and some of the credit unions have pressured workers not only to make a significant shift in work practice, but also to transform their identity as workers. The evidence suggested that some workers resisted these attempts to transform their job role and sense of self by identifying the inconsistencies and contradictions in management strategy and by articulating their resistance through a morally-based discourse. Another result is that those workers who were seen as being of 'low value' to the organisation showed a positive propensity to union membership.[102]

Conversely, the case study organisations that maintained or returned to a service approach in customer relations pursued what might be characterised as a

[102] Peetz (1998: 213) has defined 'union propensity' as a willingness or unwillingness of employees to join a union. He also distinguishes between 'attitudinal union propensities', where workers articulate a willingness to join a union and 'observed union propensity' that indicates whether workers actually joined the union. In this study workers that articulated a willingness to join the union had actually done so and therefore demonstrated both a positive 'attitudinal union propensity' and a positive 'observed union propensity'.

relational approach to human resource management. This approach centred on 'job-based' not 'performance -based' pay and was underpinned by a high degree of mutual interdependence between all organisational actors. As a result, workers in these organisations exhibited a negative union propensity. The continued or renewed emphasis on service fitted with the workers' sense of themselves as service providers rather than salespersons. To this end, workers drew on managerial discourses that constructed their service roles as morally superior to reinforce their preferred sense of self. Figure 10.1 summarises the divergent consequences of the sales and service customer relations strategies.

Figure 10.1

Customer Relations, Employment Relations and Worker Identity in Australian Retail Banking

Organisation	Customer Relations Strategy	HRM Strategy	Industrial Relations	Worker Identity
Major Retail Banks Power Holiday Coast	Sales focus	Transactional Psychological Contract	Positive union propensity	Morally based *resistance* to management discourse that threatens a preferred identity
Teachers Community Banks	Service focus	Relational Psychological Contract	Negative union propensity	Morally based *identification* with management discourse that reinforces a preferred identity

10.7 Contributions

This doctoral research contributes to the literature on the customer by exploring in a systematic way the links between particular discourses of ‘the customer’ and concrete employment practices within organisations. A key contribution of the research is the way in which it builds on the existing evidence by highlighting the role of workers in shaping meanings of ‘the customer’. The thesis extends our understanding by highlighting the active agency of workers in identity construction.

A review of the literature on the customer identified a set of diverse, fluid, contradictory and contested customer roles. The review also pointed to ways in which our understanding of these roles could be extended. The first of these was with regard to the possible role of the customer in union campaigning. There is considerable interest in customer/community campaigning within sections of the Australian union movement. However, the thesis sends a warning to union strategists by highlighting the problematic nature of notions of the customer as an ally. The findings here show that customers do not make straightforward allies.

The study also showed that to date only a small number of studies examine the notion of the customer as ‘co-producer’ of the service exchange. The case study evidence in this thesis provides significant insights into the role of the customer as ‘co-producer’ of the service exchange. At present the literature equates being a co-producer of the service with being a co-worker, this study shows how customers acting as co-producers can be engaged in co-management of the service exchange, albeit as an unequal managerial partner.

A significant proportion of the customer literature is focused on understanding the willingness of workers ‘to do’ for customers. This doctoral research extends our understanding of this willingness by highlighting the moral dimension of service work. The thesis adds support to Tyler and Taylor’s (2001) claim that there is an increased emphasis by management on familial and community-based discourses. The research presented here extends our understanding of the way in which management can draw on a discourse of community to overlay customer service work with an ethical component that increases employee commitment by appealing to workers’ ethic of service.

Contributions are also made by this research project to our understanding of emotions within organisations, in particular with regard to nostalgia. The research here broadens the analysis away from focusing on emotions within the service interaction, to showing how management utilise both customer and worker nostalgia as a source of strategic advantage. The findings here have the potential to make a valuable contribution to critical debates in the area of strategic management.

10.8 Future Research

Indeed the contributions of this research are multidisciplinary and show the importance of a more nuanced and informed understanding of the ‘customer’ in organisations. Future research projects could expand upon this understanding by moving beyond simply using discourse analysis as a theoretical framework to engaging in discourse analysis as a methodology. My findings have highlighted the importance of discourse in constructing customer and worker identity, it would seem imperative that any future research into the customer employ the techniques of discourse analysis. This would enable me to explore how particular discourses of the customer are constructed in (spoken and written) texts and allow me to make more explicit the link between discourse, strategy and practice.

Such an approach could be used to explore further the gendered nature of customer service work. This would help to extend my findings with regard to ethics of care in service work. This study uncovered limited evidence that while male and female customer service workers are equally committed to delivering a high standard of service, the meanings they attached to these roles are different. Future research could explore the hypothesis developed from this study that for female front-line service workers the service component of their role relates to a sense of *personal* identity, whereas for male front line service workers it relates to a sense of *professional* identity.

At a theoretical level any future research should add further evidence to the conceptual underpinnings of this thesis that the relationship between discourse and structure is complex and multi-directional.

10.9 Concluding Remarks

By examining the case study organisations in this thesis through the lenses of changing structure and changing discourse I have been able to identify some of the complex interconnections between management strategy and practice, and worker subjectivity. The retail banking industry in Australia has experienced significant change in the past two decades and a key response to these changes has been the reconstruction of what it means to be a retail bank customer, as well as what it means to be a worker in retail banking. Most retail banking organisations have adopted a more instrumental approach to the majority of their customers. However, the evidence presented here indicates that many front-line service workers in Australian retail banking organisations prefer a more empathic or relational approach in dealing with customers. Further, front-line service workers want to be able to relate to customers in ways that extend beyond the exchange of a business transaction and demonstrate their capacity to 'care for' the customer. Being able to get to know and care for their customers gives their work added meaning and helps to reinforce a preferred sense of self that has been built up over many years working as customer *service* officers. Organisations adopting an instrumental approach to their customers and a transactional relationship with workers are neglecting the advantages to be gained through recognising and nurturing the preparedness of their front-line workers to engage in meaningful ways with customers.

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APPENDICES

APPENDIX A

Interviews

Bendigo Bank

Owen Davies, Communications Officer, 6 June 2001

Allan Johnson, Recruitment Manager - Community Banks, 12 November 2001

Glen Kendall, Development Manager - Community Banks, 21 August 2001

David Macauley, NSW Development Manager - Community Banks, 20 March 2002

Pam McDonald, Manager, Organisational Development and Culture, 6 March 2002

Community Banks

Branch Manager, Heights Community Bank, 28 August 2001

Chair of Management Committee, Heights Community Bank, 22 March 2002

Chair of Management Committee, Peninsula Community Bank, 12 March 2003

Branch Manager, Peninsula Community Bank, 31 July 2001, 10 April 2002

Customer Service Supervisor, Peninsula Community Bank, 10 April 2002

CSO 1 Peninsula Community Bank, 31 July 2001, 10 April 2002
CSO 2 Peninsula Community Bank, 31 July 2001, 10 April 2002
CSO 3 Peninsula Community Bank, 10 April 2002
CSO 4 Peninsula Community Bank, 10 April 2002
CSO 5 Peninsula Community Bank, 10 April 2002

Chair of Management Committee, Seaside Community Bank, 5 March 2001, 27 October 2002

Branch Manager, Seaside Community Bank, 1 November 2002

CSO 1 Seaside Community Bank, 1 November 2002
CSO 2 Seaside Community Bank, 1 November 2002

Branch Manager, Shire Community Bank, 30 October 2002

Chair of Management Committee, Shire Community Bank, 11 April 2002

CSO1, 10 January 2003
CSO2, 10 January 2003
CSO3, 10 January 2003
CSO4, 10 January 2003
CSO5, 10 January 2003

Member of Management Committee, West Australian Community Bank, 23 April 2003

Consumer Associations

Chris Connolly, Research Fellow, Financial Services Consumer Policy Centre, 28 October 2002

Megan Lee, Manager, NSW Combined Pensioners and Superannuants Association, 18 October 2002

Morrie Mifsud, President, NSW Combined Pensioners and Superannuants Association, 18 October 2002

Louise Petschler, Policy Officer, Australian Consumers Association, 7 March 2002

CUSCAL

Margaret Lester, Development Manager, Credit Union Foundation of Australia, 6 May 2002

Rob Nicols, Deputy Chair of CUSCAL and CEO of Australian National Credit Union, 6 August 2002

Louise Petschler, Senior Policy Officer, 6 September 2002 (note Louise Petschler had moved from the ACA to CUSCAL during the research project).

Finance Sector Union

Brenda Alexander, Policy Officer, Commonwealth Bank Officers Section, 30 May 2001

Lyn Ballerum, National Vice President for Women, 16 June 2001

Joy Buckland, National President, 19 March 2002

Sharron Caddie, Research Officer, 8 March 2001

Natalie Daprian, Communications Officer, 27 May 2002

Mel Gatfield, Assistant Branch Secretary, New South Wales Branch, 30 July 2001

Meredith Jones, Research and Policy Officer, 27 May 2002

Peter Laragy, Industrial Officer, Victoria/Tasmania Branch, 28 May 2002

Chris Lockwood, Research Officer, 13 May 2002 (telephone interview)

Mark Lynch, Team Leader – Communications and Industrial Policy and Director, ANCU, 31 May 2002

Megan May, Team Leader and Organiser – Credit Unions, 21 August 2001

Cath Noye, Assistant Secretary, Victoria/Tasmania Branch, 28 May 2002

Peter Presdee, Secretary of Commonwealth Bank Officers Section, 30 May 2001

Carol Webb, National Training Co-coordinator, 27 May 2002

Holiday Coast Credit Union

Greg Davis, Executive Manager, Branch Operations, 6 January 2003

Sean Gillard, Branch Manager, Maitland, 7 January 2003

Neville Parsons, General Manager, 5 September 2002

CSO1 10 October 2002
CSO2 10 October 2002
CSO3 10 October 2002
CSO4 10 October 2002
CSO5 10 October 2002
CSO6 7 January 2003
CSO7 7 January 2003

Major Retail Banks

Branch Manager, Commonwealth Bank – Western Sydney, 14 June 2001

Branch Manager, ANZ - South Western Sydney, 18 March 2002

Customer Service Officer, ANZ - South Western Sydney, 18 March 2002

Customer Service Officer, Westpac - Eastern Suburbs Branch, 4 June 2002

Keryn Paviour-Smith, Portfolio Leader – Employer of Choice, Human Resource Management Division, Westpac, 20 June 2002

NSW Teachers Credit Union

Member Service Supervisor, 14 August 2002

MSO1, 14 August 2002
MSO2, 14 August 2002
MSO3, 14 August 2002
MSO4, 14 August 2002
MSO5, 14 August 2002
MSO6, 14 August 2002
MSO7, 14 August 2002

Judy Brady, Credit Union Representative, Mowbray Public School, 29 October 2002

Michelle Evans, Branch Manager and FSU Delegate, 18 March 2002

Graham Lockwood, Chair Members Committee, 16 September 2002

Helen O’Rielly, Human Resource Manager, 18 March 2002

Delphine Swift, Assistant General Manager, Marketing and Member Relations, 17 June 2002

Power Credit Union

Human Resource Manager, 26 July 2002

Debt Recovery Officer and FSU Delegate, 3 April 2002

Team Leader 1, 26 November 2002
MSO1, 26 November 2002
MSO2, 26 November 2002
MSO3, 26 November 2002
MSO4, 26 November 2002

Team Leader 2, 26 November 2002
MSO5, 26 November 2002
MSO6, 26 November 2002
MSO7, 26 November 2002

APPENDIX B

INTERVIEW QUESTIONS – RETAIL BANKS

1. Could you please outline for me your role within the organisation?

2. Do you work full-time or part-time?

3. How long have you held that position?

4. How long have you worked in retail banking?

5. What do you see as the primarily role of the customer in your industry?

6. What customer service training have you received?

7. Is abuse by customers ever an issue for you?

8. Can you identify other roles that customers play?

9. Can you identify any instance of change in the work process that was a direct result of customer action?

10. If yes, would you say this change occurred intentionally? That is, do you think customers set out intentionally to bring about such change or that the change occurred as a by-product of their actions?

11. Do you believe that the influence of the customer in your industry has increased over time or decreased?

12. How do you think management view the role of the customer within your industry?

13. Are you aware of any alliances that customers may have formed with either union or management in your industry to bring about change? If yes, can you describe the nature of such alliances?

14. How important is the presence of a bank branch to the life of a community?

15. Do you belong to a union? If not would you ever consider joining one?

INTERVIEW QUESTIONS – CREDIT UNIONS

1. Could you please outline for me your role within the organisation?

2. Do you work full time or part time?

3. How long have you held that position?

4. Where you employed in another area of the financial service sector before coming to the credit union?

5. If so, how different is it working in a credit union?

6. What would you identify as the most rewarding aspect of your work?

7. Credit unions talk about members not customers. How significant do you think this difference in language is?

8. In what ways do you think members' influence your credit union?

9. In what ways does your organisation place an emphasis on member service?

10. Have your perceptions of the members you service changed overtime?

11. Pressures on the credit union industry have seen the need for a shift from service to sales. How have you experienced this shift?

12. What training have you received from your organisation?

13. Is customer abuse ever an issue for you?

14. Are there mechanisms in place for members to give feedback about the service they receive?

15. In what ways is reward linked to performance in your job?

16. Do you belong to a union?

17. If not, would you ever consider joining a union?

INTERVIEW QUESTIONS – COMMUNITY BANKS

1. Could you please outline for me your role within the organisation?
2. Do you work full time, part time or casual?
3. Why do you work part-time?
4. How long have you held that position?
5. How long have you worked in the banking industry?
6. How has your job changed during that time?
7. Do you think of yourself working for Bendigo Bank or the local company?
8. What is different about working in a community bank?
9. Are you a local?
10. Do you belong to a union?
11. If not, would you ever consider joining a particular union?
12. What would you identify as the most rewarding aspect of your work?
13. Is customer abuse ever an issue for you?
14. What do you see as the primarily role of the customer in your industry?
15. Sometimes customers can take on a supervisory role. Do customers sometimes behave in a way that you might expect from a supervisor?
16. Can customers influence the amount you are paid?
17. Is there a sales target component in your wage?
18. How important is the presence of a bank branch to the life of a community?
19. Why do you think customers want a bank branch?
20. How important is a sense of community to this area?
21. How important is a bank branch to the life of the community?

APPENDIX C

NVIVO Theme (Tree) Sub-Theme (Node) Listing

The coding of the data was facilitated by the use of the qualitative research software package NVIVO (Richards 2000). The transcribed interviews were reviewed and themes and sub-themes that arose from the transcripts were noted. These themes and sub-themes were readjusted over many readings of the data.

Perceptions
- Influence
- Similarities
- Contrasts
- Autonomy

Features
- Links with Bendigo
- Community projects
- Branch presence
- As a small business
- Profits
- Culture
- Members
- Metropolitan
- Shareholders
- Change
- Ownership
- Bond
- Fees
- Mutuality
- Products
- Not for profit
- Equality
- Older

Service
- Abuse
- Technology
- Old fashioned
- Genuine
- Face to face
- Surveillance
- Sales
- Feedback
- Time
- Segmentation

Employment Practice

Flexibility
Flexibility/hours of operation
Recruitment
Recruitment/reward
Reward
Teamwork
Sales targets
Training
Performance appraisal
Employment contracts
Changing role
Staff profile
Staffing levels
Union membership
Staff turnover
Long hours
Multi-tasking

Actors

Chamber of commerce
Chamber of commerce/Customer
Customers
Workers
Workers/customers
Union
Management
Management/Volunteers
Community
Management committees
Credit unions
Small business
Banks
Community banks
Local govt
Volunteers
Bendigo Bank

Satisfaction

Customer Satisfaction
Worker Satisfaction
Worker Satisfaction/Customer Dissatisfaction
Customer Dissatisfaction
Worker Dissatisfaction

Attitudes

Positive
Negative