Workers' motivation: the italian case of cooperative credit banks

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WORKERS' MOTIVATION: THE ITALIAN CASE OF COOPERATIVE CREDIT BANKS.

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1. Introduction

In September 2007, an International Monetary Fund survey showed how cooperative banks have become important parts of many financial systems. This situation is also present during the current economic crisis that is affecting all of Europe. Despite the fact that local governments and central banks are responding the crisis by adopting rigorous measures in the credit sector, cooperative banks continue to confirm their role as reliable institutions rooted in the local economy, having weathered this period of severe turbulence relatively well (EACB, 2010; Groeneveld, 2011). In Italy, Bccs have continued to actively support their customers in an effort to contribute to ensuring access to affordable financial services. This access is especially critical, given the current economic crisis, for families and small firms. In the last three years, Bccs have undertaken intense activity, particularly in relation to these types of customers, with the aim of anticipating customers' needs before the market does.

The role played by cooperative banks has not received much attention from scholars. This lack of attention stems from two factors: i) the lack of empirical data and ii) the organizational structures and multiple goals of cooperative banks being "generally more difficult to understand than the corporate governance of the commercial banks with their more easily interpretable and single goal of profit maximizing" (Groneveld, 2011). Thus, the first research aim of the present paper is to

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contribute to the understanding of Bccs' activity in Italy by describing their main characteristics and providing a comparison of different cooperative bank models.

In Italy, despite the current crisis, this banking model is working well by focusing on traditional banking services on a local basis and trying not to weaken the trust relationship with their consumers, which is fundamental for local institutions. In studies of banking services, trust is considered a significant predictor of consumer loyalty (Delgrado-Ballester & Munuera- Alemán, 2001; Lewis & Sourely, 2006). Trust involves the belief that "one party's behavior is guided by favorable intentions toward the best interests of the others and the competence of a business to keep its promises" (Bejoo et al., 1998). The trust relationship is strengthened with the unique aspects of corporate governance in Bccs, particularly the ownership rights and the combination of goals that Bccs pursue. However, trust is also conditioned by an element that has been less often analyzed by scholars. A bank that serves communities and the local economy becomes a local point of reference among the community as it cultivates intangible assets that contribute to its competitive advantage. This process involves human resources. Being locally rooted and close to the local consumers increases customer contacts and allows the bank to develop a more personalized knowledge of the consumers' requirements. Thus, Bccs employees should be considered an investment in human capital with crucial strategic value and even, perhaps, as the most important contributor to the bank's value. A number of studies show that there is a positive relationship among human resource management (HRM) practices, quality of service, trust and consumer loyalty (Reichhedl, 1996; Heskett & Sasser, 1997, Chi & Goursy, 2009). Other studies have investigated the positive relationship between job satisfaction and consumer loyalty, finding that the more employees are satisfied, the more they will deliver quality service, which, in turn, results in consumer loyalty (Wangenheim et al., 2007; Bernhardt et al., 2000).

A substantial body of research also highlights several important issues associated with job satisfaction, such as productivity and absenteeism (Clegg, 1983; Zhang & Zheng, 2009), employee turnover (Hamermesh, 1977; Bockerman & Ilmakunnas, 2009), employee happiness (Frey &

Stutzer, 2002; Warr, 1999) and health (Stansfeld et al., 1998; Faragher et al., 2005; Fisher & Sousa Poza, 2009) and decisions related to retirement (Barangé et al., 2008).

What are the main determinants of job satisfaction? HRM research suggests the need to broaden the definition of the value that employees assign to their work beyond simple monetary rewards: the organizational environment (Hackman & Oldham, 1975), promotion likelihood and reputation (Oswald, 1996), relationships with supervisors (Chen, 2001; Griffin & Petterson, 2001), relationships with co-workers (Ducharme & Martin, 2000; Sherony et al, 2002), organizational policies and procedures (Dailey & Kirk, 1992; McFarlin & Sweeney, 1992) and involvement with the job and sense of competency (Sekaran, 1989) are all important job amenities highlighted by the literature in this context. Finally, previous studies underline the importance – both for the success of the organization and for workers' well-being – of achieving the alignment between employees' interests and actions and organizational goals (for example, Colvin & Boswell, 2007, emphasize the role of intrinsic factors associated with the inherent value and meaningfulness of the work to employees).

Given these findings, the present article investigates employee job satisfaction in Bccs under the assumption that human resources are a critical component that, in connection with the Bccs peculiar elements, facilitate long-term relationships between local communities and Bccs. Toward this aim, we conducted a survey of Bccs located in Campania (an Italian region) reporting socio-demographic and job characteristics of approximately 700 clerks; the survey was financed by the Bcc national Federation. Our questionnaire not only elicited individual preferences pertaining to the main aspects of working conditions in Bccs, but it also investigated whether and to what extent Bccs' goals are shared by their employees. A theoretical argument in this context is that when the outcome of a team is shared among the individual participants, the individual goals are in line with the common purpose (Ouchi, 1979).

To our knowledge, Sekaran (1989) is the only study on bank clerks' satisfaction that is comparable, in some respects, to our work. Some studies have addressed cooperatives and focused on the position of the worker owner, arguing that although workplace democracy may have a positive association with job satisfaction in terms of the perception of the community where one works, certain structural features of cooperatives may lead to a high level of stress that negatively affect job satisfaction (Rothschild &Whitt, 1986). Focusing on Italian social cooperatives, Borzaga and Tortia (2006) demonstrated that intrinsic and relational attitudes toward work enhanced workers' satisfaction.

The structure of the present paper is as follows: section 2 examines Bccs' features, compares Italian Bccs with different cooperative bank models and underlines the role of human resources; section 3 describes our survey and contains main descriptive statistics; section 4 reports empirical estimates of job satisfaction (and its determinants); section 5 concludes with a discussion of the key findings.

2. Bccs and European cooperative banks

Italian Bccs fall into the general category of European cooperative banks. However, they have their own characteristics and share some elements with credit unions and with ethical banks.

The sections below describe the main differences and common features between Bccs and other cooperative banking models and their implications for the role of human resources. Table 1 summarizes these features.

[Table 1 here]

2.1 Cooperative credit banks and Bccs

In various reports before 2008, the European Association of Cooperative Banks (EACB 2006, 2007) and the International Cooperative Banking Association (ICBA) systematically highlighted the special nature of cooperative banks in comparison with commercial banks, including the following aspects:

1) The ownership right that results from individual membership rather than from the number of shares owned. This ownership right involves the following:

a) the right to obtain credit at competitive rates, profitable deposit conditions and, in general, privileged access to financing;

b) the right to a democratic participation by exercising an individual vote regardless of the number of shares held ("one member, one vote");

c) because profit distribution is often restricted, the right to receive a limited compensation on the capital held by the bank.

2) The presence of multiple goals: strictly linked to the right of receiving a limited compensation for the capital held by the bank, cooperative credit banks aim to pursue the specific interests of their members rather than to maximize profits. Thus, part of the profit is used to establish a reserve with which to pursue their objective targets. Usually, cooperative banks are consumer cooperatives, aiming (in accordance with the mutuality principle) to maximize their members' consumer surplus: "the difference between what a consumer is willing to pay for a service and what he actually pays" (Cihak & Fonteyne, 2007). The exact objectives can change depending on the European countries where the cooperative credit banks are located, and they can strictly correspond to the objective of mutuality or involve additional objectives. In either case, these cooperative banks wholly express the owners' interests.

3) Many cooperative banks are locally based and have a particular focus and expertise that serves the local community.

Although the cooperative sector is very heterogeneous, with significant differences across countries, it is reasonable to argue that Bccs share the above-described main features. In line with the European cooperative banking model, Bccs guarantee privileged access to financial services; as a result, the majority of a Bcc's members are also their consumers. In addition, Bccs exhibit the following features:

1) As expression of ownership right, only the owners (or their relatives) can be hired as employees (with the exception of the managers): this creates a hybrid model of cooperative banks owned by both workers and consumers (and these two descriptions might refer to the same person).

2) In pursuing a variety of goals, Bccs have to include local development actions beyond access to financial facilities for their local consumers. As we will see in more detail below([1]), consumers can either be owners or not, but they must be local. These rules affect the nature of the objectives and the set of stakeholders. Local development must enumerate strict objectives that include financial services for their local consumers and broad objectives to aid the local community. In addition, the set of stakeholders has to include i) local owners, who might be both consumers and workers, ii) local consumers, who are not owners, and iii) local members of the community, or the community in general, as the target of local development initiatives (beyond the local consumers' direct interests).

3) The definition of local banks in Italy, including Bccs, is more strictly defined than the European model; the Bcc national statute clearly states that it is compulsory to address the local community where Bccs are located "using (by granting loans and advances) the resources where they are gathered" (art. 2 National statute).

2.2 Credit unions and Bccs

Within the cooperative bank model, the credit union model seems to most closely approximate that of Bccs.

Credit unions have the following characteristics:

1) they are cooperative credit banks owned and controlled by their members, with nonprofit goals aimed at promoting thrift, offering advantages on credit and deposit conditions and financing services for their members;

2) they are typically small, not-for-profit, local institutions serving a specific population that shares a common bond;

3) they are aimed at serving a specific, local community. For this reason, they restrict their service area by pursuing local development or sustainable international development at a local level.

In the Italian Bccs, the condition of being locally based affects communities more positively than the non-locally based regular banks.

The main difference between credit unions and Italian Bccs is the stakeholders. The users, management and benefactors of credit unions only include members: “All transactions are effected for members by members, no external party can transact with the credit union” (Ward & Mac Killop, 1997). In brief, all of the owners are local, all of the consumers are local, and all of the consumers are owners.

In contrast, the Italian Bccs can purchase from external entities for their members or sell to external entities on behalf of their members; specifically, i) Italian Bccs have to recruit owners in the local area where they are located; and ii) 50% of their financial services must be delivered to their owners, and 95% must be delivered to the defined reference community([2]). In short, all of the owners are local, all of the consumers are local, but not all of the consumers are owners.

This difference in corporate governance in the credit unions leads to a stronger correspondence between owners and stakeholders than in the Bccs, with some implications for their institutional objectives. Local development goals pursued by both types of financial institution are two-fold: i) strict objectives of local development pursued by offering financial facilities to local owners and ii) broad objectives of local development pursued by further initiatives with a local impact, as defined by the local owners.

As described above, Bccs share with credit unions the two objectives of local development, but they also serve local consumers who are not owners.

2.3 Ethical banks and Bccs

Because the broad objective of local development pursued by Bccs involves a series of actions in support of the local area, we must consider whether this feature moves Bccs close to the definition of ethical banks.

In comparing the two types of financial institutions, ethical banks are characterized by the following aspects:

1) Social profitability, namely the funding of economic activities with added social value and the ability to invest in speculative projects (San Josè et al., 2011).

2) The basic goal of economic sustainability, rather than profit maximization, as the distribution of benefits is strongly restricted.

3) Trust relationships with partners: consumers are fully informed about the policies of the ethical bank, which clearly describe the groups or individuals with whom the bank will or will not do business. “Consumers know where the money comes from and what ethical banks do with it” (Harvey, 1995), which favors organizations that benefit the community and excludes organizations involved in speculative activities.

4) Ethical commitment: this point deals with all aspects of the bank and its activity and, consequently, the actions of their stakeholders and partners.

Bccs have similar characteristics:

1) Local profitability rather than social profitability. Bccs place more of an emphasis on local community development than ethical banks.

2) Bccs do not distribute benefits (or they distribute only a residual fraction). However, because they are financial institutions, as are ethical banks, they need to ensure economic sustainability.

3) Relations of trust with consumers (we have highlighted above how the customers of Bccs have different requirements).

4) The ethical commitment in Bccs does not affect all of their activities, but Bccs must ultimately take certain actions to contribute to local development.

2.4 The special role of human resources

Some of the bank features outlined above can have implications for human resources. Differences or similarities with respect to the role of human resources in Bccs are outlined compared with the general cooperative banking model. We consider a typical cooperative bank as one that is consumer owned. The objective of maximizing members' consumer surplus can be addressed on three levels: 1) by means of the nature and the conditions of the financial services required by the owners; 2) by means of the management's ability to attract additional consumer owners in the local area with the aim of increasing the scale of the services and reducing costs; 3) through employees' effort – which is the most critical – to build direct relationships with consumers because employees are asked to personalize the services offered based on their knowledge of consumer needs. The Bcc's knowledge of the needs of each consumer can strengthen the relationship with consumers and, consequently, the bank's reputation for managing relationships with consumers.

The nature of a local bank with the aim – both direct and indirect – of fostering local development should lead to a closer relationship between employees and local consumers. Employees should have a deep knowledge of the communities and of the area where the bank is located, and employees and consumers are likely to share the same background and live in the same area.

The role of human resources in the Italian Bccs differs in part from the role of human resources in the European cooperative model. First, employees are usually also owners with the right to vote and to be involved in decision making. Second, employees (or someone else in their family) are also consumers. As a consequence, decision making is likely to be characterized by more homogeneous preferences than in other cooperative models. This homogeneity may lead to a reduction in the costs associated with democratic decision making, which, in cooperative models, can lead to a fulfillment of the majority's needs at the expense of the minority's expectations of the right to a voice (Charny, 1999). The liberal paradox (Sen, 1983), which affects democracy in cooperative models by causing minorities to go along with decisions that do not reflect their preferences, should be overcome by the simple condition that employees and consumers are one and the same and share common origins with the owners (because they live in the same area).

The relationship between human resources and consumers is closer than in the case of the European cooperative model due to employees (or their relatives') status of being consumers and also because they are locals with the advantage of having better knowledge of the area and the ability to create lasting relationships with other consumers. The development of lasting relationships is an important indicator of trust, which is a good predictor of loyalty. It has been shown that consumers are more likely to become loyal if they develop a personal relationship with a contact employee (Barnes & Howlett, 1998; Perrien et al., 1992)

Human resources can contribute significantly to creating a competitive advantage in gaining the loyalty of consumers because employees are not simply close to the community; they are people belonging to the same community where the Bccs are located. This aspect of Bccs can be considered similar to that of credit unions, for which it has been argued (Hansmann, 1996) that a group of individuals who work together and live in the same community may have better information regarding each other's creditworthiness than would employees of a joint stock firm.

In contrast, some important differences between Bccs and ethical banks must be emphasized. Studies of HR in cooperative models have outlined the importance of a community network that can bring together employees, general members, consumers and stakeholders (Baldacchino et al., 2000; Davis, 2006.) to pursue development objectives while retaining their identity and mission. In particular, the role of HR and, above all, of HR management, in strengthening these network connections is to establish a "work culture" that reflects and unifies the cooperative culture, its employees' culture and its consumers' culture.

In ethical banks, both the employee–bank relationship and the consumer–bank relationship are strengthened by the ethical commitment that pervades all bank activities. Consumers and employees are fully informed of the values that direct ethical banks' business choices. This transparency is an important reason for choosing an ethical bank both in terms of workplace and in terms of consumer relations.

Conditions are different in the case of Bccs.

The status of “local owner”, which applies to half of the consumers and to the majority of employees, should mean that these groups share a common culture – namely, a community culture – that is able to guarantee a certain homogeneity in decision making and the alignment of personal objectives with the collective objectives. Bccs’ values and, more generically, Bccs’ culture are closely aligned with those of the local owners.

The perspective of the local non-owner, who account for 50% of the consumers of a Bcc, can be different. These non-owners may be interested not only in competitive and personalized financial services but also in having a consumer relationship with a peculiar non-profit bank aimed at local development. Additionally, they may not be interested and may be focused on the personal advantages of being a customer at a Bcc. It is up to HR to fully interpret consumers’ preferences because these preferences can serve as vital knowledge for Bccs in terms of developing the local business beyond their local owners. Through their interactions with employees, local consumer non-owners share their preferences with the Bccs, which can influence the business orientation or general values in the service of the community network.

As we have attempted to demonstrate, it is up to HR in cooperative model banks and, particularly in Bccs, to meet customer needs by developing a clear understanding of the different demands of consumers. The conditions of being both local and fellow consumers will help employees in this regard. Furthermore, a satisfied and motivated employee creates a positive impact on customers’ perception of the nature of the service, which strengthens the Bcc's relationship with the consumers and, as a result, the consumers' loyalty. Thus, one can argue that employee satisfaction and consumer loyalty are closely aligned (Schneider & Bowen, 1995).

3. The data

3.1 The survey

Between October 2009 and March 2010, we conducted a survey of all 23 Bccs located in the Campania region. Bcc employees were interviewed about their socio-demographic and job characteristics.

A smaller number of Bccs was selected to elicit clerks' opinions about the working conditions in the Bccs, organizational issues and objectives. Specifically, six Bccs were randomly chosen according to their size: we selected three small Bccs, one large Bcc and two Bccs of medium size. Bccs were classified by size according to the following elements: i) number of employees; ii) number of bank branches([3]); iii) age of the banks([4]); iv) asset value on the balance sheet and v) territorial attractiveness index measuring, which is the capacity of attracting demand within each bank's area for the financial services offered([5]). Finally, we obtained a final sample ([6]) of approximately 700 Bcc clerks (managers are not included in our sample); this paper deals with information drawn from this subsample.

To develop the section of the questionnaire devoted to individual opinions on working conditions in each Bcc in January 2011, a focus group of approximately 20-25 people was held. Such focus groups help develop an understanding of the most important (non-monetary) aspects of working in a Bcc. Thus, we identified 9 main job aspects that we included in the final version of the questionnaire along with a list of the main goals of the Bccs([7]). These job aspects were the following: 1) accessibility to the workplace (i.e., travel time); 2) relationships with colleagues (i.e., the availability of help, sharing of objectives and values); 3) the probability of advancement; 4) clear management rules; 5) personal prestige (among colleagues, seniors, customers, etc.); 6) the possibility of learning on the job/training at the workplace; 7) participation in decision-making processes; 8) autonomy and responsibilities on the job; 9) awareness of contributing, through one's own working activities, to social aims (i.e., local development). Our sampled workers during the survey were asked to indicate the importance they attributed to each job characteristic on a scale of 1-9 (where 9 indicated the most important features).

These characteristics represent many key non-monetary attributes that the economic literature considers as affecting worker well-being. For example, the other study on bank employees (Sekaran, 1989) found that participation in decision making, skill variety, a sense of competence and job involvement were the main determinants of job satisfaction. According to Ghinetti (2007), workers in both the private and the public sectors are, on average, more satisfied in their jobs if they have close relationships with colleagues, job interest and job security. The ninth feature, concerning the social usefulness of the job, is a novelty in this context, with the exception of Borzaga and Tortia (2006), who evaluated workers' satisfaction in public and nonprofit social services.

The employees also indicated their opinions about the most important organizational goals (reported in the Bccs' statutes; additional details are provided in Table 2).

Finally, we elicited information on workers' ethical profiles and individual attitudes toward work by asking whether respondents agreed with certain statements on social issues, such as how individual effort, luck, family background, inequities and competitive contexts affect individual destinies.

Table 2 provides a description of the main variables elicited through our survey and used in the empirical investigation.

[Table 2 here]

The main variable of interest is "job satisfaction", measured by the question "How satisfied do you feel with your work (independently from monetary aspects)"; responses on such questions vary on a scale from 1 (extremely unsatisfied) to 10 (extremely satisfied).

3.2 Descriptive statistics

Table 3 contains main descriptive statistics.

[Table 3 here]

The average value of workers' satisfaction for non-monetary job amenities is quite high (almost 7 on a scale of 1-10), similar to the result reported in Ghinetti (2007) from the 1995 Bank of Italy data([8]). Regarding individual characteristics, approximately 35% of the employees are females, and more than the 68% are married. Over half of the respondents have a secondary school diploma, whereas approximately 40% are educated beyond high school. The highest percentage of employees is between 40 and 50 years old (38.19%), and approximately 26% are less than forty. When we compare such features with the data drawn from the Istat survey in 2010, concerning employees in the economic services sector in the south of Italy, the most notable differences are a lower percentage of females in our sample (females represented 45% of the Istat sample) and a higher percentage of graduates (only 22% in the Istat data([9])).

Considering job characteristics, we observe that Bcc workers attribute more importance to the definition of management rules (for example, individual tasks, advancement opportunities, etc.), whereas the aim of pursuing efficiency and profitability is considered the least important Bcc goal.

Finally, consistent with expectations, the majority of workers believe that individual success is largely determined by individual effort, even if luck, family origins and gender discrimination are also influential; at the same time, competitive contexts determine higher productivity, but poverty is not a result of laziness.

4. The results

In Table 4, we report our empirical estimates based on an ordered probit model; the dependent variable measures job satisfaction on a scale of 1 – 10 (1 for individuals extremely unsatisfied, 10 for those extremely satisfied).

[Table 4 here]

In column (1), we first relate workers' job satisfaction to demographic variables (age, civil status, sex, schooling), and then, we focus on job characteristics (e.g., the number of coworkers in the same Bcc and length of the job contract) and on individual preferences for different job amenities.

In column (2), we add organizational goals (drawn from the Bccs' statutes) to the set of independent variables to test whether (and to what extent) workers' aims are aligned with Bccs' objectives. Finally, in the third column, we control for individual ethical profiles and attitudes toward work, arguing that individuals less prone to commitment are less likely to positively appraise their working activity. Such an argument is not new in the literature; Sekaran (1989), for example, found that "work ethic" (e.g., a value orientation of an individual toward disciplined work) significantly affected job involvement and (indirectly, through job involvement) job satisfaction.

The coefficients reported in Table 4 indicate the "signs" of the changes determined by the independent variables on the probability of being extremely unsatisfied (prob. job satisfaction=1) or, alternatively, on the probability of being completely unsatisfied (prob. job satisfaction=10); i.e., if the coefficient estimated for a given explanatory variable is positive, the probability of being completely unsatisfied must decline. Symmetrically, the change in the probability of being extremely satisfied has the same sign as the estimated coefficient.

Before discussing the relevance of working conditions for Bcc employees, let us consider whether individual characteristics affect job satisfaction. In the following section, we compare our findings with previous results in the literature; such comparisons, however, must be considered with care given that most studies (with the exception of Ghinetti, 2007) consider overall job satisfaction (including monetary job aspects), and ii) our sample concerns bank employees.

In contrast to previous studies reporting higher job satisfaction among women (Clark, 1997; Nappo & Fiorillo, 2011) or no significant gender difference (Cabral Vieira, 2005; Ghinetti, 2007; Nese, 2011; Borzaga & Tortia, 2006), we find that females are less satisfied than males (although the relative coefficient is significant only at the 10% level). On this point, however, it is important to mention the evidence reported in Troisi (2011) demonstrating that females working in Bccs have less opportunity for career advancement; Ghinetti (2007) also reports lower satisfaction with particular job aspects among females (i.e., job interest) and argues that some form of discrimination (within the same occupational status and at similar wage levels) is a likely explanation for this phenomenon.

As far as age([10]) is concerned, workers over age fifty are less satisfied with their jobs. This result is likely to reflect the circumstance that at the beginning of one's working life, one is happy working (particularly in contexts characterized by a high unemployment rate, such as in the south of Italy). However, most employees continue working in a standardized repetitive job position (with low skill variation) for many years (in some cases, until they retire), and this monotony depresses enthusiasm for the job. A likely alternative explanation is a negative correlation between seniority and effort. Our result is only partly consistent with those of previous studies. Most authors find a U-shaped relationship with age (e.g., Clark et al. 1995, and, in Italy, Fiorillo & Nappo, 2011), whereas others find a positive correlation (e.g., Johnson & Johnson, 2000); finally, Ghinetti (2007) finds that job interest is negatively correlated with age, whereas Nese (2011) and Borzaga and Tortia (2006) do not find any significant evidence.

With regard to education([11]), we do not report significant results, in accordance with another study in Italy (Ghinetti, 2007). The findings on the relationship between job satisfaction and education, however, are controversial in that some authors indicate a negative correlation between the two (Borzaga & Tortia, 2006), and others report the opposite (Fiorillo & Nappo, 2011).

Finally, we identify a weak relationship (statistically significant only at the ten percent level) between household income and job satisfaction; this result is not surprising given that we consider (as a dependent variable) job satisfaction independently from monetary aspects.

Let us now consider the variables concerning job attributes. The coefficients estimated for "Colleagues" and "Reputation" indicate that the workers who consider the presence of good human relations as an important aspect of the workplace are more satisfied with working in a Bcc. A similar finding was reported by Ghinetti (2007). At the same time, the coefficient estimated for "Rules" indicates that Bccs' workers who are more interested in clear and shared rules of work organization (e.g., rules about promotions, task assignments, etc.) are more likely to complain about their job.

As in Sekaran (1989), the possibility of participating in decision-making processes positively affects employees' satisfaction (even if the relative coefficient is statistically significant only at 10% level); this is an interesting result in that it does not support the argument that such a detail negatively affects worker well-being through higher levels of stress (Rothschild &Whitt, 1986).

The estimates in columns (2) and (3) of Table 4 show that the awareness of contributing, through one's own work, to the obtainment of social aims (such as local development) positively affects worker well-being. Furthermore, "to enforce the principle of mutuality by satisfying owners' and consumers' requirements…" is an organizational aim largely shared by Bcc employees. At the same time, job satisfaction is lower when workers attach more importance to profit maximization and advantages for Bcc members as the main organizational goals (see the coefficients estimated on the variables "obj1" and "obj5"). As a consequence, Bcc workers not only perceive the social aims as important specific characteristics of Bccs, but they are also perfectly consistent with such objectives. These arguments recall the evidence reported in Borzaga and Tortia (2006) for the nonprofit social service sector, in which intrinsic and relational attitudes are crucial factors in explaining worker satisfaction, whereas workers driven by economic motivations appear less satisfied.

5. Concluding remarks

The main research aims here were as follows: i) to contribute to an understanding of Italian cooperative credit banks and ii) to stress the strategic role of human resources and labor relations in such nonprofit organizations, with particular reference to the goals of Bccs. This strategic role was investigated by focusing on the detail that their employees are usually also owners, consumers and members of the local community.

First, as members of the local community, Bcc workers take advantage of their knowledge of the community and their closeness to the consumers, which facilitate an understanding of problems and the reduction of asymmetric information vis-à-vis the consumers.

Second, as consumers, Bcc employees fall within Bccs' target household; thus, they are likely to be better able to understand consumer requirements for delivering a personalized service.

As both consumers themselves and members of the local community, Bcc employees should be able to establish lasting relationships with local consumers. Lasting relationships are an important indicator of trust, which is a good predictor of loyalty, and consumer loyalty is important to ensuring economic sustainability.

Finally, as owners, Bcc employees directly participate in decision-making processes, particularly to ensure that the Bcc meets its defined goals. This participation should guarantee employees' contribution to appropriate decision making.

This study also investigated employee satisfaction, and, in this respect, the presence of good human relations at work (with co-workers, consumers, etc.) and the possibility of contributing one’s own work to the obtainment of social aims (such as local development) emerged as crucial variables. At the same time, when we take into account the main Italian Bccs’ features examined above, we find that job satisfaction is lower when workers attach more importance to profit maximization and advantages for Bcc members as the main organizational goals. These motivations support the alignment between individual interests (and actions) and organizational goals, leading to reciprocal advantages for both the success of the organization’s strategies and for workers’ happiness

Policy recommendations derived from our results are the following: labor relations matter, and paying more attention to workers’ motivations and matching individual objectives and organizational goals may be an important strategy for increasing competitive potential.

Appendix

Table 1. Comparing Italian Bccs with European cooperative banks

	European Model		Bcc		Credit union		Ethical bank	
	Compulsory	Facultative	Compulsory	Facultative	Compulsory	Facultative	Compulsory	Facultative
1) Nonprofit model:								
1.a) Ownership right:	X		X		X			X
1.a.1) The right to receive privileged financial services	X		X		X			X
1.a.2) The right to vote as an individual (one member, one vote)	X		X		X			X
1.a.3) The right to receive a limited compensation for subscribed capital	X		X		X			X
1. a.4) The right to access bank job selection				X				
2) Multiple goals:								
2.1) No profit maximization	X		X		X		X	
2.2) Specific member interest	X		X		X		X	
2.3) Strict local development (local consumers' interests)			X			X		
2.4) Broad local development (local communities' interests)			X			X		X
2.5) Ethical commitment				X			X	
3) Stakeholders								
Consumer owners		X	X (local)		X			X
Consumer non-owners		X	X (local)				X	
Local communities		X	X			X		X

Table 2. Variables used in the analysis	
DEPENDENT VARIABLE	
Job satisfaction	Satisfaction with his/her own job on a scale of 1-10 (10 means “extremely satisfied”)
INDEPENDENT VARIABLES	
Female:	Dummy =1 if female, 0 otherwise
Married:	Dummy =1 if married, 0 otherwise
Fixed Term:	Dummy =1 for employment contracts with a fixed term, 0 otherwise
Secondary School:	Dummy =1 if the workers obtained a secondary school diploma, 0 otherwise
Bachelor's Degree:	Dummy =1 if graduated, 0 otherwise
Bank:	No. of coworkers in each Bcc
Income:	Household yearly income
Job characteristics defined on a scale of 1-9 (9 indicates the most important characteristic according to employees' opinions).	
Accessibility:	Accessibility to the workplace
Colleagues:	Relationships with colleagues
Advancements:	Possibility for advancement
Rules:	Clear rules of workplace organization
Reputation:	Personal prestige in the workplace
Training:	Possibility of training in the workplace
Decision making:	Possibility of participating in decision making
Responsibility:	Responsibilities and autonomy on the job
Development:	Awareness of contributing to social aims
Individual opinions on social issues (dummy variables are equal to 1 when employees shared the opinion in the sentence, 0 otherwise).	
Success:	Success is determined by commitment.
Laziness:	Poverty is determined by laziness.
Fortune:	Fortune is important in life.
Origins:	Family origins affect individual destiny.
Parity:	Males and females have the same opportunities.
Competition:	Competition increases efficiency.
Bccs objectives (variables on a scale of 1-10, where 10 indicates the most important Bccs goals according to employees' opinions).	
Obj 1:	To enforce the principle of mutuality by satisfying owners' and consumers' requirements through the improvement of service quality and convenience.
Obj 2:	To enhance owners' economic conditions.
Obj 3:	To enhance cooperation and to promote the development of a savings and welfare culture.
Obj 4:	To encourage social cohesion and responsible and sustainable growth in the local area.
Obj 5:	To pursue efficiency and profitability.

Table 3. Descriptive statistics

Variables	Mean (std. dev.)	Variables	%
Job Satisfaction	6.89 (2.001)	**Female**	35.86
Bank	54.53 (23.99)	**Married**	68.66
Family Income	3.95 (1.52)	**Fixed Term**	84.84
Accessibility	5.23 (3.02)	**Age 18-30**	16.18
Colleagues	4.07 (2.55)	**Age 31-40**	26.24
Advancements	4.64 (2.48)	**Age 41-50**	38.90
Rules	4.57 (2.28)	**Age 51-60**	17.64
Reputation	4.10 (2.46)	**Age over 60**	1.75
Training	4.46 (2.19)	**Secondary School**	58.75
Decision Making	3.13 (2.342)	**Bachelor Degree**	39.65
Responsibility	4.26 (2.47)	**Success**	87.32
Development	3.43 (2.90)	**Laziness**	11.81
Obj 1	6.31 (2.98)	**Fortune**	89.80
Obj 2	4.64 (2.85)	**Origins**	76.68
Obj 3	5.00 (2.55)	**Parity**	70.85
Obj 4	5.80 (2.41)	**Competition**	82.51
Obj 5	3.28 (2.63)		
No. of observations	686		686

Table 4. Ordered probit estimates[a] - dependent variable: job satisfaction

Variables	**Coefficient (std err.) (1)**	**Coefficient (std err.) (2)**	**Coefficient (std err.) (3)**
Married	0.043 (0.101)	-0.012 (0.102)	-0.026 (0.103)
Age 18-30	0.777(0.332)**	0.809 (0.334)***	0.892 (0.336)***
Age 31-40	0.885 (0.311)***	0.888 (0.312)***	1.018 (0.314)***
Age 41-50	0.599 (0.305)**	0.587 (0.306)**	0.692 (0.308)**
Age 51-60	0.375 (0.313)	0.374 (0.313)	0.498 (0.315)
Fixed Term	0.033(0.123)	-0.003 (0.124)	0.009 (0.126)
Bank	0.004 (0.002)***	0.004 (0.002)***	0.004 (0.002)***
Female	-0.149 (0.087)*	-0.192 (0.088)**	-0.165 (0.089)*
Household Income	0.051 (0.028)*	0.050 (0.028)*	0.042 (0.028)
Secondary School	-0.033 (0.269)	-0.052 (0.271)	0.008 (0.272)
Degree	0.219 (0.251)	0.249 (0.253)	0.209 (0.254)
Accessibility	0.008 (0.016)	0.012 (0.017)	0.030 (0.018)*
Colleagues	0.041 (0.018)**	0.039 (0.019)**	0.044 (0.019)**
Advancements	0.005 (0.019)	0.008 (0.019)	0.013 (0.020)
Rules	-0.056 (0.019) ***	-0.058 (0.020)***	-0.047 (0.020)**
Reputation	0.039 (0.018)**	0.039 (0.018)**	0.044 (0.019)***
Training	0.012 (0.020)	0.015 (0.021)	0.024 (0.021)
Decision Making	0.022 (0.019)	0.036 (0.020)*	0.034 (0.020)*
Responsibility	0.015 (0.019)	0.011 (0.019)	0.022 (0.019)
Development	0.037 (0.017)**	0.039 (0.017)**	0.047 (0.018)***
Obj 1		0.032 (0.014)**	0.029 (0.014)**
Obj 2		-0.040 (0.015)***	-0.038 (0.015)***
Obj 3		0.028 (0.016)*	0.020 (0.016)
Obj 4		-0.008 (0.017)	-0.015 (0.017)
Obj 5		-0.026 (0.016)*	-0.029 (0.016)*
Success			0.492 (0.123)***
Laziness			0.073 (0.123)
Fortune			-0.271 (0.134)**
Origins			-0.114 (0.094)
Parity			0.104 (0.089)
Competition			0.003 (0.107)
No. of observations	686	686	686
Log-lik.	-1354.490	-1346.306	-1333.234
Restricted log-lik.	-1384.493	-1384.493	-1384.493

Notes: a) The homoscedasticity hypothesis cannot be rejected at the conventional statistical significance levels. ***statistically significant at 1% level; **statistically significant at 5% level; *statistically significant at 10% level;

NOTES

([1]) See section 2.2 .

([2])Art.150, consolidated law on banking, 2010.

([3])The number of bank branches and the number of employees were considered separately because they are not necessarily positively correlated.

([4])By interviewing the management of the Bccs' Federation for Campania, it appears that Bccs share a common lifecycle with a similar growth phase.

([5])Such an index was drawn with the help of the Federation's management, and it measures the local propensity to consume (considering local GDP).

([6])Excluding missing observations for the relevant variables, our final sample contained 686 observations.

([7])The Bccs' statutes share the same rules concerning institutional goals and governance and differ, in part, with regard to the organizational aspects. The overall homogeneity is guaranteed from the Federation's approval, which must follow the national Federation guidelines.

([8]) However, Ghinetti reported a mean value of 2.93 on a scale of 1-5. Other studies considered overall job satisfaction (including monetary aspects): Nese (2011), on the 2006 Bank of Italy Survey, reported a mean value of 7.21 on a scale of 1-10; Fiorillo and Nappo (2011) reported a mean value of 2.90 (on a scale of 1-4) using data drawn from the Multipurpose Household Survey; in Borzaga and Tortia (2006), the average worker satisfaction in nonprofit social services was 5.39 (on a scale of 1-7). The index for job satisfaction in Sekaran (1989) included satisfaction for work itself, supervision, co-workers, pay and promotion; she reported a mean value equal to 28.28 (43 was the maximum possible score).

([9]) The last result, however, is not surprising given that the Istat data refer both to commercial and financial services in the economic sector.

([10]) When we include ”tenure” in the set of explanatory variables, we report a significant coefficient only when the “age” variable is excluded.

([11]) Our sampled clerks are assigned to homogeneous tasks such that when we consider their position as an explanatory variable, we do not report a significant coefficient.

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