Scoring High Marks With Employees

by Steve Brown

If you surveyed schools around the country, you'd be hard-pressed to find those that still use the letter E as a grade. Many dropped the letter years ago out of concern parents might associate E with excellence, instead of the subpar performance it was intended to denote. Hence, many schools have chosen to go with a more obvious choice of F for failure. Still other schools, like many associated with the Montessori movement, don't assign grades at all under the theory that grades have little long-term bearing on a child's success.

In Corporate America, companies don't get letter grades either, but their success or failure has a lot to do with how they treat employees and the type of work environment they foster. Employees who aren't happy at work tend not to stick around for long, and they often drag down others around them. Ultimately there can be a trickle-down effect to customers that impacts the productivity of the entire organization.

Nowadays, more and more people want to work for family-friendly companies and those that offer greater degrees of flexibility. Yet, results from the 2104 National Study of Employers highlight some setbacks that have occurred on the flexibility front since 2008, when the previous study was conducted. Though the study isn't specific to banks, the findings should be a call to action for those that are behind in their efforts to promote flexibility and diversity in the workplace.

For instance, it seems many companies aren't doing a bang up job of rewarding managers who make workplace flexibility a priority. The study found that fewer employers are considering how well supervisors and managers manage flexible work arrangements when it comes to appraising job performance and compensation (48% in 2014 vs. 62% in 2008). Only 11% of companies in 2014 said management rewards those within the organization who support effective flexible work arrangements, compared with 20% in 2008.

Meanwhile, employers polled were found to be providing less formal and informal support for diversity and inclusion. For instance, fewer companies are training supervisors in managing employees of different ages (52% of those polled in 2014 vs. 59% in 2008), so there is room to improve here as well.

As for banks, consider doing this type of training to reduce friction in the workplace. There's data to suggest that the generation gap affects office harmony and as more Baby Boomers retire and Millennials rise up through the ranks, understanding the age-based differences in employee behavior will be even more critical.

Another area for banks to prioritize is leadership training for women. The National Study of Employers found that most companies polled don't offer career counseling programs or management/leadership programs for women and fewer are doing it now than were in 2008 (12% in 2014 vs. 16% in 2008). If your bank is on this trajectory, it's a good time to revisit stepping up efforts to offer more leadership training options perhaps.

Many banks do a good job when it comes to promoting flexibility and diversity, but not everyone deserves an A+ for their efforts. Those that have fallen behind the curve should take the opportunity to improve their standing with employees before it's too late. At the very least, you'll get an E for effort.

BANK NEWS

M&A

Northwest Bank ($258mm, ID) will buy Regal Financial Bank ($99mm, WA) for an undisclosed sum.

Divestiture

Hanmi Financial (CA) sold its insurance subsidiaries Chun-Ha Insurance Services Inc. and All World Insurance Services Inc. to Chunha Holding Corp. in order to focus efforts and resources on growing the institution's core banking franchise.

Q2 Earnings

Citigroup beat estimates and reported Q2 net income of $181mm on revenues of $19.3B, as it set aside an additional $3.7B related to its mortgage bond settlement. Other data on a YOY basis: net income (-23%), revenues (-6%), number of employees (-4%), allowance for loan losses (+17%), compensation/benefits expense (-1%), technology expense (+9%), assets (+1%), loans (+4%), corporate loans (+8%), consumer loans (+1%), noninterest bearing domestic deposits (+12%), nonaccrual assets (-18%), book value per share (+6%). Other metrics of note: return on common equity 0.2%, allowance for loan and lease losses 2.70%, NIM 2.87%, efficiency ratio (80%).

Settlement

Citibank said it agreed to pay $7B to settle claims it misled investors about the quality of mortgage bonds sold prior to the 2008 credit crisis.

Bank Switch

Research by TD Bank finds 30% of people opened a checking account at a new bank after they moved, choosing the bank based on branches near their home (57%), to avoid fees (27%) or because ATMs were close to their home (25%). Consider as well that 50% of Millennials moved in the past 2Ys (18-34) vs. 23% of Gen X (35-54) and 15% of the Boomer generation (55+).

Deposit Fraud

The ABA reports banks reported the following fraud attempts in 2012: check (54%), debit card (38%), online banking, etc. (8%).

Debt

TransUnion reports the average credit card debt per borrower is about $5,164 vs. $5,201 in 2013.