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Application and Applicability of Theory Z in Banks: Evidence from an Emerging Economy

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Abstract

This paper aims to examine the application and applicability of theory Z management system in the banking sector of an emerging economy – Bangladesh as a case. A self-administered semi-structured questionnaire has been used to collect the data. Data have been collected by face-to-face interviews as well as e-mail responses. A total of 496 sample respondents have analyzed to interpret the data. The study uses Factor Analysis (FA) Data Reduction Model (DRM) by SPSS to analyze the data. The study finds that there is no uniformity of the management system among the banks in Bangladesh. The management structure and employee management are widely varied across the banks. Moreover, the study finds that Some features of theory Z such as friendly employee management system and trust between management and employees, and bonding between management and employees are already practicing in the banking system of Bangladesh. Although all of the features of theory Z are not fully applied but employees are ready to accept the features of theory Z such as lifetime employment, engagement in decision making, taking self-responsibility and accountability, execution of scientific evaluation and promotion, proper measures of the control mechanism, clear career path, mutual trust, values and freedom. Hence, there is considerable scope to implement theory Z in the management systems of banks of Bangladesh.

Keywords: Applicability, Theory Z, Emerging Economy
JEL Classification: G21, D23, M54

1. Introduction

Unlike manufacturing companies banking banks are highly leveraged organizations. As much as compliance of a bank as much as strong its base. So, for being a well-stable bank, the management of that bank plays an important role. Research studies (e.g. Mamun et al., 2021) shows that the banking sector of Bangladesh experienced numerous scams[1] (e.g., Hallmark scam, Bismillah group

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[1] "BASIC Bank Audit Objection (The Daily Ittefaq, 7 August 2020); MP Papul lost his directorship of NRBC (Prothom Alo, 28 June 2020); BASIC Bank caught in huge bad loans: Scam-hit three branches account for more than 78pc of total default loans (The Daily Star: Wednesday, November 27, 2013); Tk 1200 crore Embezzled from 6 Banks (Janata Bank, Jamuna Bank, Prime Bank, Premier Bank, South East Bank and Shahjalal Islami Bank): ACC moves to tighten noose

scam, BASIC Bank scam, SB Group scam). Moreover, the recent spark of the Non-Performing Loans (24.13%, Tk. 4.20 crore) in March 2025 which is expected to reach 30% in June 2025 in the banking sector of Bangladesh which raised question regarding the efficacy of the governance system (Mamun et al., 2021). Moreover, board and management interplays, board intervention in the operational activities of banks (Siddique et al., 2022), board political affiliation (Uddin et al., 2022), board qualification (Islam and Uddin, 2022) and the overall management (Mamun et al., 2022) are the key issues of concern which are related to the board and management system of the banks. The study concentrates on the people aspects of the management system of the banking sector of Bangladesh.

There are different approaches of management that an organization can use. Theory Z is one of them (Ouchi and Price 1978). Islam and Kalumuthu (2020) explained that the survival of enterprises is significantly linked with the managing people at work and theory Z is an excellent tool for increasing productivity and managing people at work. Robbins (1983) stated that top management will be attracted to the theory Z concept because it increases their control while giving the impression of lessening it. Moreover, the attractiveness of the Theory Z organization is not due to any inherent improvement it offers in organizational effectiveness. Differing to theory X and theory Y, theory Z is based on some unique features for organization development such as lifetime employment or tenured post (Shusliinkoyo), decision-making (RINGI), responsibility, evaluation and promotion, control, career path specialization, scope of concern, mutual trust, values and freedom (Ouchi and Price 1978). Other hand, theory X and theory Y emphasis on the employee motivation side only. Our study uses theory Z to explain how the elements of theory Z improves human productivity as well as organizational development.

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around Bismillah high-ups (A Prime News Special Report, March, 2013); Embezzlement of Tk 140cr - Shahjalal bank director held (The Daily Star: Thursday, June 26, 2014); Hallmark scam: Cracks in management and monitoring systems of banks - Salehuddin Ahmed, Former Governor, Bangladesh Bank (The Daily Star: Tuesday, September 4, 2012); BASIC Bank faces BB ultimatum: The central bank asks the bank to sign a deal to improve performance, or face actions (The Daily Star: Tuesday, July 9, 2013); 5 banks swindled: Terry towel maker (Bismillah group) siphons off over Tk 1,250cr, opens businesses in Dubai (The Daily Star: Monday, July 29, 2013); TK 28 CR Scam: ACC sues SB Group owners, Bangladesh Commerce Bank officials (The Daily Star: Monday, September 23, 2013)."

The banks in Bangladesh are operated under the rules and regulations and the supervision and complete control of Bangladesh Bank, empowered by the Bangladesh Bank Order, 1972, and the Bank Company Act, 1991. There are six state-owned commercial banks, three specialized banks. Specialized banks are also owned by the government of Bangladesh wholly or majorly. The number of private commercial banks are 43 that are majorly owned private entities. Private commercial banks are categorized into two types, conventional banks and Islamic banks. Thirty-three conventional and ten Islamic Shariah-based private commercial banks are now operating in Bangladesh. Further, total nine foreign commercial banks (FCBs) are operating in Bangladesh.

The research agenda on the implication of theory Z in the banking sector is unique in some reasons. First, earlier studies (e.g. Islam and Kalumuthu, 2020; Robbins, 1983) concentrated on some factors specific application of theory Z in different industries and hardly a study conducted in the banking sector to explain how the features of theory of Z can be applied. Moreover, no study so far conducted in the banking sector of Bangladesh to the applicability of theory Z. Second, research studies (e.g. Mamun et al., 2021; Siddique et al., 2022; Uddin et al., 2022; Islam and Uddin, 2022; Mamun et al., 2021) explained that the efficacy of the governance and management structure raised a question because the classified loan is marked at highest in the year 2025 by around 25%. This study add value to explore how the theory Z can improve the work environment, job satisfaction, employee motivation, job commitment and reduces employee turnover rate (Islam 2014). Third, there is a limited literature on the theory Z and its applicability in a developing country like Bangladesh. The study add value to the existing literature particularly in the developing country.

Based on the above introduction, the generic aim of the study is to assess the application and applicability of theory "Z" in an emerging economy like Bangladesh. However, the specific objectives of the study are i) to examine the application of the features of theory Z in the bank management system of Bangladesh; and ii) assess the applicability of the features of theory Z in the bank management system of Bangladesh.

2. Literature Review

Ouchi (1981) stated that in the early 1980s, dozens of books and articles aiming to explain the Japanese approach to enhancing industrial and technological effectiveness. None has been more positively accepted than Theory Z. He explained how Americans could learn from Japanese economic success. Ouchi put out theory Z, a hybrid model which combines aspects of effective Japanese managerial strategy with an analysis of the needs of the US workforce. It strongly emphasizes teamwork, a humanistic mindset, and consensual decision-making. This theory's foundation is the notion that motivated individuals will work more productively in an environment where they feel engaged and committed.

According to Ouchi (1981), the heart of a successful Japanese corporation is the principle that involved workers are the key to increased productivity. Living together for centuries on an island that has few natural resources other than its people, the Japanese have always made the most of the only resource they have available. Historically, Japanese culture has enabled people to live in greater harmony and at much greater population densities than almost anywhere else on 'earth. Under these circumstances, it is not surprising that the enigmatic Japanese culture has traditionally emphasized trust, subtlety, and intimacy, in rays barely understandable by Westerners born and bred in a culture shaped by the frontier, the westward movement the wide-open spaces (Paul, 1984).

Further, according to theory "Z," American businesses may be able to address the widespread dissatisfaction and even worry about Japanese companies surpassing their American counterparts (Daft, 2004). According to theory Z, some presumptions about workers include those that say they prefer to form amicable and cooperative working connections. According to theory Z, employers must meet the particular needs of Theory Z employees to foster a more valuable workplace and care for the welfare of their families as well (Aydin, 2012). The premise of Theory Z is that workers seek to form partnerships with their employers and teammates. There is a great yearning for connection among employees that takes a lot of assistance from the management and the company in the shape of a secure workspace and the appropriate amenities (Wilkins and

Ouchi, 1983). It is inconceivable to consider that workers would exercise initiative. In contrast, McGregor developed his Y-theory, which claims that workers enjoy their jobs and value the opportunity to contribute ideas and influence decisions. The secret to employee motivation is considering these deeper psychological needs (Lunenburg, 2011). One of the essential elements of this philosophy is that for participative management to be effective, managers must have a high degree of faith in their employees. This theory assumes that employees will have a large say in how the company makes decisions. As per Ouchi, the ability to make those judgments and a keen understanding of the corporation's many challenges are both essential. He adds that authority sometimes undervalues staff members' capacity to effectively contribute to the judgment process (Bittel, 1989).

Rather than claiming that the Japanese corporate structure is the best approach for American enterprises, like McGregor's theories, Ouchi's theory Z is based on specific hypotheses about workers. This theory makes assumptions about workers, one of which is that they want to form deep, pleasurable relationships with the people they work for. Employees of theory Z also place a high value on a work environment that values family, cultures, customs, and social systems as much as employment itself and expresses a great desire to be supported by their employer. These employees have a feeling of community with coworkers, a highly advanced perception of control and discipline, and a moral imperative to work diligently. Last but not least, it is believed that theory Z staff members can be expected to work to the greatest of their capabilities, provided that management can be relied upon to support them and look out for their welfare (Massie and Douglas, 1992).

The importance of personnel becoming opportunistic instead of specialists deepening their grasp of the business. Its procedures through career progression and ongoing training are emphasized by theory Z. Indeed, in this setting, promotions are frequently slower since staff members receive far more training and have additional time to understand how the business operates. According to this theory, the aim is to create a team that is more devoted to sticking with the organization throughout their professions and more stable than other kinds of

work situations. It is anticipated that if a person reaches a high-level management position, they will have a better knowledge of the company and how it functions and can successfully implement theory Z management theories to new staff (Luthans et al., 2015).

Although theory Z has some insightful positive outcomes in the management system, hardly a study explained the implacability of theory Z in a banking industry, particularly in the banking sector of Bangladesh. Some studies (e.g. Islam and Kalumuthu, 2020; Robbins, 1983) concentrated on some factors specific application of theory Z in different industries. Moreover, research findings (e.g. Mamun et al., 2021; Mamun et al., 2022) stated that failure of the management in the banking sector of Bangladesh is one of the prime reasons of the high NPLs. Studies (e.g. Siddique et al., 2022; Uddin et al., 2022; Islam and Uddin, 2022) explained the reasons of such high NPLs but failed to explore the way out of the failure. This study addresses this research gap in examining the applicability of theory Z to address the employee engagement, leadership and motivation to improve performance of banks in Bangladesh.

3. Research Methods

A semi-structure survey questionnaire is designed (Appendix-A) based on the literature review of the study.

Sample Size and Sampling: In determining the sample size the study used the following formula.

Required sample size= $\frac{(Z-scors)2*StDev*(1-Std.Dev)}{(margin\ of\ error)2}$ assuming a 95% confidence level, 5 standard deviations, and a margin of error (confidence interval) of +/- 5%.

((1.96)2 x .5(.5)) / (.05)2; (3.8416 x .25) / .0025; .9604 / .0025; 384.16

Hence, total of 385 respondents is needed. The study considered a total of 496 sample respondents.

The research population was the bank employees of banks (government bank, private bank, foreign private bank, specialized bank) of Bangladesh. The research area is all over Bangladesh. The bank branches are located in the urban area of Dhaka, Chattogram, Rajshahi, and other divisional areas (Appendix-A). The survey responses cover 47 banks (Out of 61 banks) including state-owned, private-commercial and the foreign banks in Bangladesh. The study used multi-stage sampling approach. In this approach, at first, we have used cluster the geography areas of the population (e.g. employees working in banks of Bangladesh). In this case, we considered all of the Divisions in Bangladesh. Then, again we considered the urban/city corporation areas of each divisions of Bangladesh. Purposive sampling technique has been used to define the sample respondents from each of the urban/city corporation in each division. The semi-structure questionnaires were delivered physically and via e-mail the bank branches located in the region. Data were collected from the branches of banks physically or via email.

Inclusive and Exclusive Criteria: Employees from lower levels to higher levels were the research participants. Both males and females were included in this study. Schedule banks such as government banks, private commercial banks, foreign private commercial banks, and the specialized banks of Bangladesh are considered in this study.

Data Analysis: Data of the study are measured as nominal, ordinal, interval, and ratio scales. The findings have been presented in graphs and diagrams. Again, Factor Analysis (FA) data reduction model has been used in this study using SPSS. KMO and Bartlett's Test has been used for sampling sufficiency.

Ethical Considerations: To ensure the employees' confidence, this research did not use the bank's name or the employee's name in the questionnaire and ethical consent has been taken (via e-mail) from the sample respondents to analyze and interpret the result.

4. Theory Z and Its Implication

Management systems is an entirely theoretical field that constantly changes rapidly. Management theory evolves as organizations grow and globalize, technologies develop, and the international business environment changes. This kind of evolution develops different definitions, concepts, and theories rapidly and uncontrollably. This scenario is called "Management Theory Jungle" by Harold Koontz. Theory “Z” is one of the most popular management theories. An organizational theory known as "Theory Z" focuses on productivity and company behavior and describes how employees see their management and its principles, attitudes, and beliefs. William Ouchi, a management expert who advanced a theory containing Japanese components and explained American cultural norms, is the one who made the suggestion. American business practices the core of individualism, contrasting with the Japanese mindset of collectivism. Compared to how organizational culture has historically been viewed in the U.S., the Japanese industry runs on human behavior assumptions contrary to those beliefs. The focus on temporary employment, expertise, independent decisions, and managers exercising excessive control are characteristics of the American approach to management. The Japanese business mindset, in contrast, is well known for promoting long-term relationships, sensitivity to risk, and a preference for groupthink. Both management philosophies are fighting for their lives in the modern global economy. With its integration of Japanese and American business behavior, Theory Z advances established practices.

4.1 Historical Background

After years of rising business turmoil, Theory Z was released. The social crisis in the 1960s disrupted the peace that followed World War II in the 1950s. At the same time, women and African-Americans campaigned for equality and respect in a society dominated by white men. At Nashville Woolworth lunch counters in 1960, black students were present. The Feminine Mystique, written by Betty Friedan, was released in 1963. Anti-Vietnam War demonstrations dominated 1968's Democratic Convention. Robert F. Kennedy and Martin Luther King Jr. both passed away in 1968. The 1970s were a time of economic hardship for American corporations while social upheaval persisted. The ideal

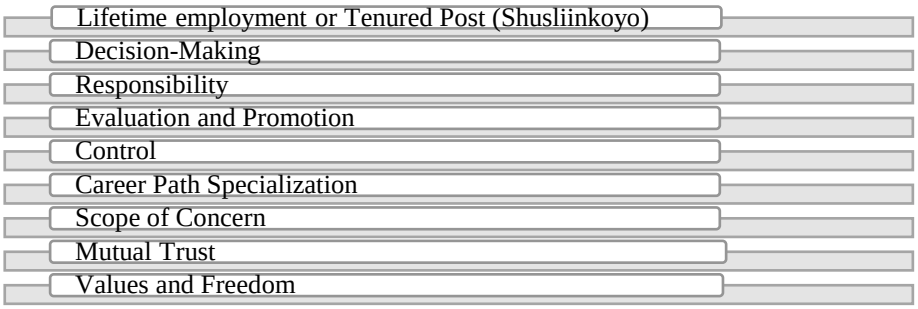
organization would be significant, hierarchical, and driven primarily by technical and financial principles.

As Europe and Japan recovered from the wreckage of World War II, consistency, skilled expertise, and assembly line mentality supported American corporations well. However, American management methods had started to lag by the 1970s. The 1973 oil embargo was a shock, and American businesses adjusted to the new global environment more slowly than their Japanese and European counterparts. The United States faced a gloomy economic future with stagnant productivity, inflation, rising unemployment, and high-interest rates, which lacked a sure cure. America was more exposed due to the 1979 oil embargo. A market controlled by services, knowledge, leisure, fast-changing, and globalization could not be managed by management systems designed for heavy industry. The Japanese industrial giant was considered the most significant danger to American companies by 1980. Motors, metals, and electronics all saw considerable market share gains from Japanese producers. It wasn't easy to accept that Japanese goods were of higher quality. Japan's production expanded four times faster than the United States and faster than any other nation.

4.2 Theory Z and Hypothesis Development

Table-1 lists the nine features of Theory Z. Although Japanese management (Theory J) was incredibly efficient during the 1980s, it cannot be expected to perform in its entirety in the United States. Ouchi developed Theory Z by fusing traditional American management (Theory A) with aspects of Japanese management that he thought would be successful in the United States. Ouchi's investigation of Japanese companies operating in America led to the creation of the Theory Z mix. It proved that the Japanese effectively adopted a different management style in the US and that American workers accepted it well. The following nine components of the Theory Z management concept focused on Ouchi's next search for evidence. Here, every component of theory “Z” is equally important to implement in any organization if any exceptionality may not occur.

Figure 1: The Elements of Theory 'Z'



Lifetime employment or Tenured Post (Shusliinkoyo): "Tenured Post" is the fundamental concept of this feature. Their length of employment with a company is referred to as their average tenure. Long-term benefit plans organizations because they enable employees to understand one another's goals, foster feelings of commitment, and build a long-term perspective, in contrast to the traditional American pattern of frequent job changes. This kind of post is known as '**Shusliinkoyo**' in Japan but a '**lifetime post**' in America. Employees are fully dedicated to their institution and the institution facilitates them for a lifetime.

Decision-Making (RINGI): The term "decision-making" refers to the conventional methods for resolving non-routine challenges. Decision-making is known as RINGI in Japan. Managers were the brains and decision-makers in American businesses, while workers were the task doers. The team participated in a coordinated effort to improve efficiency and quality by applying consensus-based decisions. Japanese companies took their time making decisions because they created forums for debate between employees and managers. However, the consensus-building that resulted from giving and taking permitted rapid implementation, resulting in choices being made faster than in American businesses. The management prefers employees' opinions from a down level to an upper level to decide.

Responsibility: In a meritocracy, the locus of responsibility is a crucial value that governs who is responsible and how awards are given. Individual accountability is ingrained in the American national spirit. Every unit participant in a Japanese company was in charge since the group routinely made decisions. It appeared impossible to be ignorant of who was in command of American corporations. Because American workers wouldn't understand the Japanese maxim "For you all to make it, each person must make it," Ouchi pushed American businesses to uphold self-responsibility.

Evaluation and Promotion: Even if the speed at which evaluations and promotions happen is self-explanatory, slowing these processes impacts Japanese businesses. In a Japanese firm, upgrades happen every ten years, but nobody drops behind. Employees focused on essential duties due to slow appraisal and advancement, which encouraged a long-term approach to the company.

Control: Qualitative vs. quantitative measures of evaluation and advancement are related to implicit vs. explicit control. The quantitative evaluation attitude refers to the preference of American management for the logical over the irrational, the objective over the subjective, and quantitative analysis over knowledge and experience. Through his department store research, Ouchi found that stores that mindlessly gave employees quantitative-based raises who then spent their time working for narrowly rewarded jobs had lower earnings. He also found that stores performed better when managers rated employees according to their knowledge and judgment since employees fulfilled the variety of tasks necessary to ensure the store's success.

Career Path Specialization: Specialization in one area or activity rather than switching between them frequently over a career is referred to as "career path specialization." According to Ouchi, an average American manager completed 1.4 functions during their career. For example, a bank advertised that the individual in charge of providing loans to forest manufacturers in the Pacific Northwest had 30 years of experience in the industry. This level of specialization has the drawback of making connections between individuals across functions, domestic and foreign offices, and between managers and staff in American firms distant and limited. Japanese managers, in contrast, regularly held numerous

positions and underwent international rotation, which led to vast networks of contacts and a thorough understanding of the company's advantages and disadvantages. The moderate specialization promoted by Theory "Z" would encourage loyalty to the company rather than to a particular department or function. It would also enhance domestic and international ties.

Scope of Concern*:* "Holistic concern," as used here, refers to how coworkers view each other and, more significantly, how managers consider their subordinates. When adopted in the US, Japanese businesses were interested in each employee's complete life. Employee happiness grew due to increased interest in all aspects of life. In theory Z firms, the equation considered spouses, families, and community involvement. Employees made more valuable contributions to their neighbors and families when they felt at ease and confident at work. The fact that Theory Z explained theoretical concepts with numerous examples from actual business situations made it exceptional for a book at the time. Ouchi showed that effective American management practices combined American and Japanese management ideas without being directly affected by Japanese management theories.

Mutual Trust: William Ouchi illustrates how mutual trust, integrity, and transparency become vital parts of a productive organization through examples. High-level executives in this situation serve as facilitators rather than decision-makers. If there is powerful mutual trust and understanding between workgroups, management, and the union, disagreements are reduced to a minimum, and employees demonstrate entire collaboration in achieving organizational goals.

Values and Freedom: Theory "Z" also addressed the importance of values. According to Ouchi, a clear, unequivocal representation of company ideology and ideals was required to inspire trust among employees and unleash the Theory "Z" management approach. Without defined goals, intimacy, and trust, transitioning to a "Z" company would be next to impossible. Workers in a "Type Z" workplace acted confident that their workplace and they had become engaged with the concept. Within the boundaries of safe jobs, workers of the "Z" institution worked individually and made their own choices. More employee mobility was the irrational outcome of Theory "Z."

4.3 Nature of Theory "Z" Employees

Employees who adhere to theory Z are self-disciplined, ready to share their knowledge, and committed to forming cooperative relationships with their coworkers. They think the company's higher management should acknowledge them. Throughout their careers, they continue to undergo training and pick up new skills, which boosts their productivity and increases their value to the company. Employees that adhere to Theory "Z" have a greater understanding of their position within an organization and how they can help it achieve its goals, and they are more engaged in their work. Theory "Z" employees can be relied on to produce their best work as long as they have faith in their employer's ability to support and care for them in their positions.

4.4 Theory Z is not Just a Blender of THEORY X and Theory Y

Between the 1950s and 1960s, Massachusetts Institute of Technology professor of management Douglas McGregor pushed the idea that a manager's disposition affected employees' motivation. McGregor established two ideas of motivation for employees in the book 1960, The Human Side of Enterprise, in which he described how managers perceive and address employee motivation. Theory X management and Theory Y management were the terms he used to describe these two competing motivational strategies. Each believes that the manager's responsibility is to organize resources, including people, in the most beneficial way for the firm. They do, however, share several attitudes and assumptions in common, even though they are otherwise entirely distinct. Some specialists say that theory 'Z' is the blender of theory X and Y. There are a few similarities between theory Z and Y, but theory X is an opposite concept.

5. Data Analysis and Findings

5.1 Demographics of the Respondents

Table-1 shows the demographics of the sample respondents. It shows that 83.43% respondents were male while 16.57% were female. Moreover, there were diverse age composition of the sample respondents. Majority of the respondents were within 31 to 40 years of age (58%). respondents of 51% of age were 4.23%.

These respondents are from different nature of banks. Respondents from the government banks were 6.05% while respondents from the private banks were 88.10% (Table-1). 73.70% respondents were mid-level employees. Mid-level employees are Assistant General Manager and Deputy General Manager while lower level employees include below assistant general manager and top-level employees includes General Manager (GM) and above. This study covers from lower level employees to the top-level employees as sample respondents.

Table 1: Demographics of the Sample Respondents

Gender	Male	83.43%
	Female	16.57%
Age	Below 30 years	10%
	31-40 years	58%
	41-50 years	28%
	Above 51 years	4.23%
Nature of Banks	Government Banks	6.05%
	Specialized Banks	2.42%
	Private Banks	88.10%
	Foreign Banks	3.43%
Level of the Employees	Lower Level	21.71%
	Mid-Level	73.70%
	Top Level	4.59%

5.2 Employee's Perception of the Applicability of Theory Z in the Banking System of Bangladesh

Lifetime Employment or Tenured Post: The study explained that the post of the employee being tenured and "bank management does not fire the employees." That means employees work for the bank as a whole. Lifetime post is known as "Shusliinkoyo" in Japan and "Tenured**"** in America**.** Bank employees will not leave the bank and will not be terminated. The research shows that 76% of employees said the termination was not taking part in their banks. However, the rest of the portion is about 24%, where about 21% of the employees said their colleagues were terminated. Further, the statement 'management supports the employees if they lose their proficiency' is also a part of the lifetime employment of employees. Banks need to be ready to get 100% feedback from employees and give them 100% in the odd time. In this research, about 16% believe that the banks they served will support them if they lose their proficiency

accidentally. 38% of participants are puzzled whether their bank management will support or not. About 46% of the participants do not think their banks will support them if they lose proficiency to work. While rest of them said bank management might not be helping them in unexpected scenarios.

Employee Engagement in Decision Making: It finds that 57.59% employees never been engaged in decision making while 39.09% employees engaged in decision making in different forms followed by 2.49% sometimes and 0.83% hardly been engaged. Hence, it finds that most of employees are not been engaged in decision making in any forms.

Bonding between the Employees and Management: The bondage between employees and the management is one of the essential features of theory "Z". There are several ways to build a solid relationship between the bank's administration and staff. Employee loyalty to the company is encouraged by the possibility of lifetime employment. To prevent layoffs under a challenging economic outlook, shareholders may forego dividends. Promotions can take longer. This research found that only about 26% bank employees believe there is a strong bonding between them and the management. Further, 54% of bank employees, think they have moderate bonding with management. The rest of 20% of participants answered that they have light or not remarkable bonding between them and management. So only 26% strong bonding between employees and management cannot fulfill the core principle of theory "Z".

Mutual Trust between the Employees and the Management: According to Ouchi, a successful organization must have transparency, integrity, and trust. Employees fully comply with accomplishing the organization's goals when there is trust and openness among them, their workgroups, their unions, and the administration. Only 28.57% of bank employees firmly believe that they have solid mutual trust with bank management. Moderate mutual trust is answered by 268 persons or 55.49% of bank employees. More than 16% of bank employees believe that there is only light or not remarkable mutual trust with bank management.

Opportunity to Engage in the Products and Services Design: This participation generates a complete sense of responsibility and increases enthusiasm in implementing decisions; Managers are acted as facilitators rather than decision-makers. In this research, 65% of participants answered that they never had an opportunity to design the products and services of the banks. Only 31.68% answered that they strongly influence the design of the products and services. Islam et al. (2011) stated that sustainability in service quality and their conformity is also important for such product design and services.

Opportunity to Build up Trade or Officer Unionism: It is said to be suitable to have an opportunity to build up trade or officer unionism among the bank employees. Another feature of theory "Z" is unionism or a platform that is mainly for employees." Here, about 78% of bank employees said that they had no opportunity to build up trade or officer unionism in their bank.

5.3 Factor Analysis; Application of Theory Z

The study conducts Factor Analysis Data Reduction model to extract the factor that are more applicable of theory Z in the banking industry of Bangladesh. A KMO and Bartlett test have been conducted for checking the level of sampling adequacy using SPSS. A KMO score higher than 0.5 and Bartlett's test significance level lower than 0.05 show that the data are significantly linked. Variable collinearity is the degree to which one variable relates to other variables. Values greater than 0.4 are considered acceptable (Mamun et al., 2022). The p-value (<.000) indicates the level of significance by 1% (Table-2).

Table 2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.714
Bartlett's Test of Sphericity	Approx. Chi-Square	514.01
	Df	55
	Sig. (P-Value)	<.000

5.3.1 Descriptive Statistics

The descriptive statistics of the data has been depicted in Table-3. It shows that the valid n = 425, maximum (4), minimum (1), standard deviation and central tendency of the data. Further, table-4 explains the correlation matrix of the factors of theory Z.

Table 3: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
x1	495	1.00	2.00	1.1657	.37215
x4	496	1.00	4.00	2.0222	.43752
x6	485	1.00	4.00	3.6701	.64478
x7	492	1.00	4.00	1.8191	.85496
x8	487	1.00	4.00	2.3203	.74540
x12	489	1.00	4.00	2.4560	.94663
x16	471	1.00	4.00	1.0955	.40397
x17	483	1.00	4.00	3.3354	1.22192
x18	478	1.00	4.00	3.5921	1.00882
x19	470	1.00	4.00	2.1064	.64758
x23	483	1.00	4.00	2.9917	1.39499
Valid N (listwise)	425				

Table 4: Correlation Matrix

	x1	x4	x6	x7	x8	x12	x16	x17	x18	x19	x23
Correlationx1	1.000										
x4	.107	1.000									
x6	-.055	.013	1.000								
x7	.066	.121	.213	1.000							
x8	.027	-.004	.132	.483	1.000						
x12	.017	.024	.132	.351	.493	1.000					
x16	.016	-.010	-.062	.073	.019	.051	1.000				
x17	.029	.149	-.073	-.228	-.276	-.182	-.005	1.000			
x18	-.217	-.069	.078	.096	.128	.163	.030	.017	1.000		
x19	.023	.001	.012	.214	.250	.190	.058	-.129	.018	1.000	
x23	.018	.095	.318	.277	.303	.273	.052	-.020	.162	.116	1.000

5.3.2 Data Reduction Model

Out of 11 factors of theory Z, the SPSS extracted 4 factors by Principal Component Analysis (PCA) using factor analysis data reduction model. These are Knowledge about theory Z, bank management support to the employees and termination; Employee engagement in decision making; friendly employee management system and trust between management and employees and bonding between management and employees (Table-5). Table--- shows the model in explaining the application of theory Z in the banking sector of Bangladesh. Total variance explained by these four factors are depicted in table---. It finds that the average factor loading in employee engagement in decision making is 2.73 (out of 4) which is ranked at first followed by friendly employee management system and trust between management and employees ranked at second (factor loading 1.75 out of 4), knowledge about theory Z, bank management support to the employees and termination ranked at third (factor loading 1.62 out of 4) and bonding between management and employees ranked at fourth (factor loading 0.79 out of 4) (Table-5).

Table 5: Model – Application of Theory Z

	Factors	Average Factor Loading Score[2]	Rank
Factor-1	Knowledge about theory Z, bank management support to the employees and termination	1.62	3
Factor-2	Employee engagement in decision making	2.73	1
Factor-3	Friendly employee management system and trust between management and employees	1.75	2
Factor-4	Bonding between management and employees	0.79	4

Factor-1, factor-3 and factor-4 have negligible application in the banking sector of Bangladesh as their average factor score is less then 2.5. Moreover, the average factor loading score for the bonding between management and employees is less than 1 (0.79) which is very much insignificant application of theory Z in the banking sector of Bangladesh. Only factor-2, employee engagement in decision making particularly employee opinion in product

[2] Average factor loading score is the multiplication of rotated component score with the mean score of the variables.

decision has significant feature of theory Z which has application in the banking system of Bangladesh. Although, factor -2 average factor loading 2.73 out of 4 is more than 2.5 but less than 3.00 (out of 4), it cannot be concluded that the features of theory Z is applied in the banking sector because other features such as lifetime employment or tenured post, responsibility, evaluation and promotion, control, career path specialization, scope of concern mutual trust, and values and freedom are not applied. Hence, although some features are applied measly in the banking sector of Bangladesh, all features of theory Z are not applied in the banking system of Bangladesh.

Table 6: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.497	22.697	22.697	2.497	22.697	22.697	2.435	22.135	22.135
2	1.296	11.778	34.475	1.296	11.778	34.475	1.298	11.797	33.932
3	1.232	11.199	45.674	1.232	11.199	45.674	1.219	11.086	45.018
4	1.061	9.643	55.317	1.061	9.643	55.317	1.133	10.299	55.317
5	.926	8.417	63.734						
6	.845	7.685	71.419						
7	.822	7.470	78.889						
8	.677	6.152	85.042						
9	.618	5.620	90.662						
10	.588	5.348	96.010						
11	.439	3.990	100.000						

Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

Table 7: Rotated Component Matrix[(a)]

	Component			
	1	**2**	**3**	**4**
x1	.127	-.693	.229	.066
x4	.072	-.271	**.690**	-.021
x6	.257	.198	.189	-.655
x7	**.731**	-.047	.096	-.085
x8	**.788**	.029	-.104	-.055
x12	**.695**	.122	.007	-.001
x16	.172	.173	.201	**.725**
x17	-.429	.118	**.630**	.107
x18	.154	**.760**	.081	.041
x19	.481	-.090	-.115	.268
x23	.490	.239	.421	-.280

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
[a] Rotation converged in 4 iterations.

The highlighted bold numbers represent each principal components' major variables. The bold numbers are identified according to Factor Analysis magnitudes at 0.600.

5.4 Applicability of the Theory Z

Further, the study assesses the applicability of the features of theory Z in the banking sector of Bangladesh following the same methodology describe above. We use KMO and Bartlett's test for measuring sampling adequacy. It finds that the data used for this sectors is significant also ($p<.01$)(Table-8).

Table 8: KMO and Bartlett's Test(a)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.552
Bartlett's Test of Sphericity	Approx. Chi-Square	127.464
	df	10
	Sig.	.000

[a] Based-on correlations

The descriptive statistics of the study is shows in Table-9. It shows that response rate range between 1 to 4 and total 432 valid responses have been analysed. The standard deviation is minimum (Table-9).

Table 9: Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation
x9	458	1.00	4.00	1.8668	.75264
x10	487	1.00	4.00	1.2505	.67501
x11	471	1.00	4.00	1.0955	.40397
x21	476	1.00	4.00	1.7584	.60038
x22	477	1.00	4.00	1.2285	.59425
Valid N (listwise)	432				

Further, out of 5 factors of the theory Z, factor analysis data reduction model extracted 2. These are employees' support and dedication to the development and profitability of the bank, if the features theory Z have been applied in the banking sector of Bangladesh; and the other is employee will enhance their commitment if they have the opportunity to engage in decision making in the bank management. Table-10 shows the model for the applicability of theory Z in the banking sector of Bangladesh. It shows that average factor loading score for the Factor-2 is 1.31 followed by employee loyalty and dedication toward bank is 0.95. Although these scores very insignificant but there is a scope to apply the features of the theory Z in the banking sector of Bangladesh.

Table 10: Model – Applicability of Theory Z

	Factors	Average Factor Loading Score[3]	Rank
Factor-1	Employee loyalty and dedication toward bank, if the features of theory Z applied in the banks.	0.95	2
Factor-2	Employee effort to fulfil the target, if they engage in the decision making for bank management.	1.31	1

Total variance explained by the sample data has been shown in Table-11 and rotated component matrix is depicted in Table-12.

Table 11: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.549	30.975	30.975	1.549	30.975	30.975	1.497	29.948	29.948
2	1.230	24.596	55.572	1.230	24.596	55.572	1.281	25.624	55.572
3	.865	17.293	72.865						
4	.774	15.489	88.354						
5	.582	11.646	100.000						

Extraction Method: Principal Component Analysis.

[3] Average factor loading score is the multiplication of rotated component score with the mean score of the variables.

Table 12: Rotated Component Matrix[(a)]

	Component	
	1	**2**
x9	.366	.534
x10	**.812**	-.002
x11	**.811**	.013
x21	.066	**.743**
x22	-.204	.667

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
[a] Rotation converged in 3 iterations.

6. Discussion and Conclusion

This research is the first theoretical and quantitative work on theory “Z” in the banking sector of Bangladesh. Some features of theory Z such as friendly employee management system and trust between management and employees, and bonding between management and employees are already practicing in the banking system of Bangladesh. Although all of the features of theory Z are not fully applied but employees are ready to accept the features of theory Z such as lifetime employment, engagement in decision making, taking responsibility and accountability, execution of scientific evaluation and promotion, proper control, clear career path, mutual trust, values and freedom. Hence, there is considerable scope to implement theory Z in the management systems of banks of Bangladesh.

To apply Z theory in business or restructure a typical American corporation, there are 12 strategies (named type A company). The banks in Bangladesh can likewise use those tactics. The existence of doubters is necessary for theory Z to function. If any employee thinks that theory "Z" would not work, it should not be discouraged. They should be involved skeptics, and banks should keep forming a space of trustworthiness. The banks' second tactic is to audit their guiding principles. The banks will try to develop a strategy that shows how they communicate with their staff members and vice versa. Banks must determine "is" location—not their "should be" location. The third tactic is the management's obligation to specify the desired ethos and include management leaders. Here, management leaders must not frighten the leadership and must be open to hearing

all the management has to say, which is also supported by the earlier literature (e.g. Habib et al., 2020). Since managers tend to withhold more details when scared, management leaders shouldn't prevent them from speaking. The bank will need to develop a framework and an incentive as part of the fourth strategy. Make a space where they can trust that the rest of the team will come to their aid when someone is having a hard time. The bank firm will need to develop its interpersonal abilities, which is the sixth approach. The management will encourage everyone to communicate more effectively in this situation. They must develop managers' listening skills and teach them when to interrupt. The bank testing both the system and itself is the sixth tactic. Management will begin to doubt employees' ability to manage while implementing Theory "Z." The next strategy is to stabilize employment. Banks will have to challenge the occupation and give employees a variation of jobs within the bank. When a bank struggles, they don't push management to fire employees; instead, they cut back on hours. In exchange, it aids organizations in maintaining a low staff turnover rate, which requires less time to educate new hires. The eighth tactic is to diversify people's professional options. To keep personnel, provide them with exposure to various areas and departments. Communication of crucial information between departments within the bank is considerably simpler if everyone knows what every department is doing. The tenth tactic is implementing theory "Z" at the lower level. One must start at the top to implement Theory Z at a lower level. Banks must initially replace senior management and professional staff before altering lower-level employees. Lower-level workers are unlikely to adopt a strategy not used by senior management. The eleventh strategy is to find locations where employee input is welcomed in decision-making. Banks increase lower-level trust by involving customers in decision-making and rewarding successful employees. Employee communication about the bank's preference for teamwork over individualism would be encouraged. Finally, everyone should develop a sense of family.

"Theory Z" is a management process or method that deals with quality and organizational culture. It is a step forward from established procedures, encompassing American and Japanese corporate practices. The Japanese industry operates under assumptions about human behavior at odds with how organizational behavior has traditionally been regarded in the United States. This research examines whether theory "Z" is implementable in the banking sector in Bangladesh. Instability and lack of consistency in the bank's performance theory "Z" urge an excellent apple to replace the existing management system of the banks of Bangladesh. When a bank performs poorly, they do not urge management to fire employees; instead, they advise them to cut hours. Banks can increase lower-level trust by involving them in decision-making and rewarding them. It would encourage employees to speak up and communicate that the bank values teamwork over individualism. It is essential to research the implementation status of theory "Z," and carefulness must be ensured. Assume control, compliance, ethics, and governance of the banks in Bangladesh are to be confirmed. In that case, the traditional or unstructured management system should be replaced by a structured one like the theory "Z." This research successfully proves that there are several gaps in thinking, perception, competition, and trustworthiness between the bank's employees and the management system of banks in Bangladesh. This gap may cause a world of disbelief and disrespect between employees and management. Banks are economic powerhouses, and bank employees are power generators. Both should have been confined to a structured management system to ensure Bangladesh's stability and sound economy. Theory "Z" is the solution to the disliked management system (a large number of the participants answered) of the banks of Bangladesh. Further studies are needed on theory "Z" in Bangladesh, which will help find a concrete pathway to implement in the management system of the banks of Bangladesh. The output of this research is that theory "Z" is implementable in the management systems of the banks of Bangladesh. Bonding between bank employees and the management should be increased, and for compact bonding, the management's responsibilities and activities are the

primary concern. Bank employees and management may develop trustworthiness if both sides do their best for each other. Unethical and inhuman termination of employees must be prohibited. Employees need to have an opportunity to design the products and services because they are the sellers or facilitators. Opinions of the bank employees must be listened to and implemented as much as possible. The management should facilitate bank employees during their hard times.

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Appendix A: List of the Respondents' Banks

Sl.	Banks' Name
1.	AB Bank PLC.
2.	Al-Arafah Islami Bank PLC.
3.	Bangladesh Commerce Bank PLC.
4.	Bangladesh Development Bank
5.	Bank Asia PLC.
6.	BASIC Bank PLC.
7.	Bengal Commercial Bank PLC.
8.	BRAC Bank PLC.
9.	Citizens Bank PLC.
10.	City Bank PLC.
11.	Commercial Bank of Ceylon PLC (Sri Lanka)
12.	Community Bank Bangladesh PLC.
13.	Dhaka Bank PLC.
14.	Dutch-Bangla Bank PLC.
15.	Eastern Bank PLC.
16.	EXIM Bank PLC.
17.	First Security Islami Bank PLC.
18.	Global Islamic Bank PLC. (former NRB Global Bank)
19.	Habib Bank Limited (Pakistan)
20.	ICB Islamic Bank PLC.
21.	IFIC Bank PLC.
22.	Islami Bank Bangladesh PLC.
23.	Jamuna Bank PLC.
24.	Meghna Bank PLC.
25.	Mercantile Bank PLC.
26.	Midland Bank PLC.
27.	Modhumoti Bank PLC.
28.	Mutual Trust Bank PLC.
29.	National Bank PLC.
30.	National Credit & Commerce Bank PLC.
31.	NRB Bank PLC.
32.	NRB Commercial Bank PLC.
33.	One Bank PLC.
34.	Padma Bank PLC.
35.	Premier Bank PLC.

Sl.	Banks' Name
36.	Prime Bank PLC.
37.	Pubali Bank PLC.
38.	Shahjalal Islami Bank PLC.
39.	Shimanto Bank PLC.
40.	Social Islami Bank PLC.
41.	South Bangla Agriculture and Commerce Bank PLC.
42.	Southeast Bank PLC.
43.	Standard Bank PLC.
44.	Trust Bank PLC.
45.	Union Bank PLC.
46.	United Commercial Bank PLC.
47.	Uttara Bank PLC.