

## **PERFECTING THE HUMAN RESOURCES MANAGEMENT IN THE BANKING SYSTEM**

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"Few countries, if any, have reached a period of  
economic development without investing substantial  
sums in manpower"  
Gary S. Becker

The research of the financial-banking field is regarded with special interest at the international and national level. The specialists say, and the economic and social practice demonstrate that the long term success of any financial-banking institution depends on the deciding measure of the people, on the professional and human quality of the human resources, on the competence of the managers and of the entire staff.

To keep up with the changes vertiginous rhythm and with the competition`s intensifying between the retail banks at the international and national level, the staff belonging to the banking system must be subjected to a higher frequency of continuous perfecting processes.

The problems related to the harmonizing of the national financial-banking systems on one hand, and the problem of finding some financing solutions destined for the resolving of the urgent problems of the citizens from the transition countries and the ones in development stages on the other hand, are themes that keep the researchers preoccupied.

On this background a powerful trend has developed for the efficient and profitable management problems of the banking activity, trend that founded a new field – the banking controlling field. It is based on the concept of strategic management oriented towards performance and making profit. The researchers from the Romanian banking field have oriented themselves in the transition period to the approach of some specific aspects of the Romanian banking activity development and to its integration at European level. Therefore, the research papers refer to the adhere conditions of Romania at the European Union, to the interests problems or to the capital market problems in the transition conditions.

The management practice proved that the performances evaluation has been and it is one of the most controversy elements of the human resources management system due to the current evaluation systems, created and controlled by the managers.

The objective evaluation of the individual professional performances will certainly influence both the efficiency of work and the optimization of some administrative decisions: additional benefits or salary raises, promotions, transfers or training programmes. The evaluation of performances will allow a better repartition of the employees to the corresponding jobs, an adequate wage and an increase of the resolution capacity of the bank tasks.

The growing complexity of economic and social activity, the continue and accelerate enhance of the knowledge, determined by the contemporaneous scientific and technologic progress, require the existence of a constant and permanent preoccupation of the management of banking system to instruct and train its human resources – managers, specialists and executants.

Romanian managers are receiving more offers from abroad for project-based jobs, or definite period management positions, which are often refused by skilled foreign managers. Companies use interim management services when they need to open a new factory, when companies are undergoing restructuring, or take over other companies. Interim managers are also needed in crisis situations, when there is a need for severe measures.

Although this is a new field for us, we have capable managers, with skills related to organization, logistics and coordination, who can open a factory or manage a department.

Local companies are also starting to consider interim managers, but there is still some hesitation, since this service is not seen as completely safe.

Project-based managers are used mainly in the fields of logistics, production, finance and banking, and human resources.

Currently, over 4,400 branches are operational, as compared with 3,300 branches a year ago. The bank openings continued at a fast pace until the last days of 2006.

The rapid expansion was made possible by the shift to a new bank branch model – a small-sized office, mainly targeting retail clients, with only several employees (between 5 and 10).

Romania finds itself at a turning point in its economic development. A major reform of the labor market and of the manner in which the professional development takes place is necessary so that the living standard of the people in Romania to get a rapid growth. The managers of the private and public companies and of all the institutions (ministries, agencies, local councils, town halls, regional councils etc.) must be aware that the value of their organization increases along with the improvement level of their employees.

Unfortunately, very few institutions are interested in specializing their employees due to the high level of mobility in labor market, the vast majority of the working people changing their job quite often. Our companies cannot resist the European competition unless they offer quality products, yet that won't turn out possible unless the employers find well-trained man power and latest technology.

There are quite a few hundred thousand active people in Romania who are currently jobless. The employers are forced to search for them to pay them properly and to train them the skills at the working place. The apprenticeship law comes to their aid by offering plenty of facilities of which they don't take any advantage. Recycling training courses are available, for which the Government pays half of the expenses on condition that more than 20% of the personnel that are not currently used are trained. There are recruiting agencies that have their own recycling and training centre, there are also authorized trainers yet nobody resorts to them.

Romania has currently a very low rate of the permanent education and of the professional training for the people between 25 and 64 (1.6% in 2005). In 2006, the authorized trainers issued over 500,000 skill certificates, a figure that raises the aforementioned percent to 4-5%.

A successful company develops by holding its utmost resources at a high rate – its people. Motivating its employees and working on team cohesion are the best investments on long term, especially in the sales and services fields, where the employee's frame of mind has strong consequences upon the relationship with the customer and consequently upon turnover of the company.

The Romanian banking market is now one with significant potential, from several points of view.

The first one concerns its still reduced dimensions that allow an accelerated development in the following years. The second is the need for banking products and services among the retail customers, a dynamic segment that largely overlaps the characteristics of the "middle class", which supported the spectacular growth of the Romanian economy during the past few years. The third argument is the need for financing of the governmental institutions and local communities. At last, the development of small and medium-sized enterprises generates an important demand of financing from their part, thus representing a clientele segment which more and more banks strive to attract.

If the need of financing is important, the bank's capacity to efficiently interact with its customers is equally important. The range of products and services, the number of agencies or

even the interest rates cannot make, by themselves, a difference from the competing banks. There is only one variable that can influence the public's opinion about one bank or another: the quality of the direct relationship between the bank and the customer, which can only be ensured by competent, dynamic and considerate personnel.

The "bureaucrat" banker is about to disappear and is being replaced by the competent consultant, who is a good listener and is able to assume responsibilities. The market changes and so does its manner of doing business in the banking field.

The banking management comprises all the aspects regarding the way in which the resources are organized made use of in order to maximize the short, medium and long term profit by properly and continuously diminishing the specific risk, generating effective initiatives to meet the clientele's, employees' and shareholders' demands and to the accomplishment of the targets of the bank in their entirety.

The managerial demands distribute themselves so that they could satisfy in different ways the three distinct levels of competence:

- level 1 – leadership at a high level
- level 2 – leadership at a medium level
- level 3 – leadership at a low level.

At a high level, the management is made of a small number of people who have control upon the bank (president, vice-presidents) who establish the targets of the institution, the global strategy and the operative policies.

At a medium level, we meet the branch managers. They are responsible for implementing the operative policies designed by the upper category of management and for supervising the results of the third level management.

At a low level the operative activities are coordinated and supervised.

The low and medium level banking management cover the entire banking activity, the most important of which is represented by the management of the active and passive operations, that is the balance of the bank along which we can add the HR, the services and products of the offer as reflected in the marketing activity, the administration of the bank, the bank risk etc.

This category of managers have to fulfill the decisions taken by the first level of competence, the norms and procedures of the bank and of the control institutions and has to possess the necessary ability to organize and manage their own competence and duties concerning decision-making process.

The essential long term condition of management which is also valid for the banking system is defined by what P. Drucker calls as a "the new laws of management", that is:

- management is general, asserting in all fields of activity;
- developing the innovative spirit is the essential feature of modern management;
- management is oriented towards the continuous growth of intellectual and physical labor productivity;
- management is grouped on each country's cultural, social and political traditions, on the utopia development conditions of it.
- Management is the main factor of enhancing the efficiency of the activity
- As a logical consequence of the last law, management is the main animator of an economic development, a statement that is sustained with the very existence of a country that has scarce raw materials but is strongly developed in point of economy.

Innovation and continuous development are the two indispensable elements of the modern banking system. The training courses and their purpose are established taking into account the degree of skillfulness and personal qualities of the employees and are implemented all along their banking career.

The younger employees take part in long term training courses, and are then oriented towards various departments in the bank. Other employees complete their training within training courses home and abroad according to career planning.

In a society based upon scientific and technological progress and in a permanent change, the individual faces the urge of acquiring new competence, of enlarging his knowledge and skill range at least once every two or three years by taking part in recycling and training courses.

HR begin to be perceived as a crucial factor in acquiring economic upper hand in nowadays economy caught in whirling change. If the raw and financial materials and the commercial know how are quite important, the key element which confers a higher degree of competitiveness is represented by a top management of HR. In this context, people represent a vital resource of all organizations that ensure their survival, development success. Prioritizing HR tends to become essential in order to reach the targets previously established by companies.

Investing in HR, the most valuable active of an organization proves to be a clever and long term endeavor although it implies certain expenses and the results fail to be noticed at the moment. Applying “3L” principle (lifelong learning) gets benefits both for companies and employees by creating highly skilled manpower with an increase in competitiveness productivity and personal development.

Parallel with it, Romania is compelled to modernize its learning system and adapt its programmes to the requirements of the labor market and its kids are to learn the basic PC literacy in the first school years to develop their skills for the digital economy.

Lifelong learning must prioritize within national policies. Applying this principle allows for benefits both for society and individuals following an increase in their competitiveness professional development and employing rate.

Even if it is not placed on top rank of the countries that invest in this field, Romania recorded important steps in programming professional and employment policies. The main element of a strategy of lifelong learning is a strong partnership with the parties interested in education and the involvement of the social parties and the development of the personalized training courses should come to the aid of the interests and options of both companies and individuals.

A change of view is an essential factor among others if we desire to get a higher place in the rank of this field. We should become aware of our importance, role and most important, the benefits of a lifelong learning by creating some links between learning area and working area.

We should make sure we meet the demands for everyone to get easy access to quality information.

A career in the banking system has become a reality for more and more young people for several years. Extending the banking activity into retail and more recently for the small and medium investments has opened many opportunities in the field. Banks have opened thousands of branches – over one thousand in the previous year and at a same rate in the current year; new banks have got into the market, some of them specialized in retail (Millennium Bank) a fact which determined the increase in jobs and promotion opportunities. Due to the dire need of staff, banks throw in attractive offers to lure the young people from the very day of graduation.

The view upon HR and the courses related to those is totally different from what was happening a few decades ago. In order for a company to hold on in this ever more competitive market (a milestone is represented by the development of Chinese market and economy in the latest period), it will have to turn its employees by team-buildings innovative training programmes into a real strategic resource.

Transilvania Bank (BT) finds itself in a growing period in point of branching and figure of clients, and it records a positive trend on the market rate.

BT continued its extensive territorial dynamics of launching new products and selecting and recruiting over 2150 new employees etc.

Evaluation is a process that allows appreciation of the individual in the work field. It follows two directions of features: human and professional. Two categories of criteria are used in this purpose:

- Human criteria
  - quality of human relationships
  - motivation
  - communicative skills
  - leadership ability etc
  
- Professional criteria
  - competence
  - initiative
  - creativity
  - organizing skills
  - decision making etc.

Evaluation is a realistic weighing of every working sector, of every employee of a company made by a complex team of specialists either from within or outside the company which is made on a regular basis, function of the requirements of the job implied.

Unbiased evaluation of the individual professional performance will find results in an increase of working effectiveness and in optimizing some administrative decisions: granting bonuses, wage increases and premiums, promotions, transfers or training courses. A better distribution of the employees on the proper jobs, proper income and augmentation of the capacity of task-solving will be possible following performance evaluation.

Performance evaluation is a process by which an employee's contribution is ranked over a period of time.

Evaluation aims at forming professional employees. It comprises:

- a) unbiased rating of individual professional performance of employees by comparison with the degree of fulfillment of individual tasks compared to results;
- b) unbiased correlation between job requirements and employees activity;
- c) a motivational system is provided by rewarding the employees who got excellent results to determine the increase of individual professional performance;
- d) the monitoring of the instruction necessities of the employees for a better activity to fulfill the proposed targets.

The evaluation process stages are:

- I. Self-evaluation (compulsory for each employee, irrespective of their position)
- II. Evaluation from the manager (including the discussion between manager and each of their employees related to evaluation and recommendations of performance boost).

- III. Evaluation from the manager's superior
- IV. Evaluation from function manager (if any)
- V. Centralizing and processing within the HR department
- VI. Validation from HR committee

The evaluated party should:

1. Listen attentively and politely
2. Keep their temper
3. Show respect for their superior's opinion
4. To be open to criticism; in case of disagreement with the superior's opinion they should expose realistic examples or reasons in a professional manner.
5. To be positive and willing to improve their performance
6. To admit their failures/faults; to be open to discussing new ways of avoidance for the future; to accept other people's help;
7. To be open to suggestions
8. To require extra details in case of doubt. To remember that communication is a two way process
9. To make sure he understood what the future expectations are

It is advisable for the evaluated party:

1. Not to break into the discussion
2. Not to argue
3. Not to express their disapproval in a rude or non-professional manner
4. Not to perceive evaluation as being personally judgmental.
5. Not to be in a defensive position and incriminate the others
6. Not to seem irresolute and doubtful about what he is told.

Human resource consultant who:

- welcomes you when you join the bank and follows up your integration within the company
- makes a periodical assessment of the position you fill in and of your possible evolutions
- provides you with advice on your career evolution
- participates with the line managers in the decision-making process regarding your career

The mission of HR department is to be strategic partner of the business sector of banks (corporate, retail and operations) and turn BT in the proper employer both for the employees within BT and candidates outside.

The specific aims of the HR are:

- ensuring the correlation between the business strategy of the bank and the HR necessary to fulfill the strategic targets of the bank;
- implementing the personnel policies adopted by the Board, the management committee and the HR committee;
- determining the most efficient ways and means to test, instruct and improve the HR of the bank;

In order to accomplish the desired targets, management sector is responsible with ensuring professional improvement by:

- establishing the necessity of forming training and improving the professional skills
- making up improvement and forming programmes as well as following their application.
- Organizing training and improvement courses led by either the own staff of the bank or by specialized companies.
- Ensuring all the conditions for the employees to take part in these programmes
- Evaluating improvement and training actions
- Following the effectiveness of the programmes

The aim of the BT academy is to support professional and personal development of the BT colleagues in view of accomplishing the strategic targets of the bank.

Specific aims of the BT academy:

- implementing and making up of The Training Plan according to the decisions of the HR committee and following limitation within the available budget;
- support for the personal and professional development of the colleagues by other means and ways apart from training;

Specific activities of BT Academy:

- identifying the needs of professional development together with the colleagues in the network, with those in the business and operation lines;
- making up professional development programmes.
- the proposal by the HR committee of the budget for development activities.
- implementing the training plan according to the HR committee decisions and respecting the budget limitations;
- checking and accepting experiment the incurring expenses for the professional development
- organizations and logistics for the internal courses held by the other colleagues from the other business lines;
- organization and/or logistics for the in-house courses and those home and abroad.
- feedback centralization courses and feedback evaluation together with the branches from the centre: proposals for updating rules procedures written forms; necessary actions for formation;
- logistics in order to take part in other events: conferences, sessions;
- evaluating the professional development programmes;
- development of the training method of the HR computer software together with the provider
- making up/ updating the working methods for the training activity;
- making up papers for the training activity for the colleagues from the central bank;
- making up the necessary notes for recovery of the expenses of the training for the colleagues that leave the bank before the expiry date of the loyalty period.

Development of the internal training system:

- Forming of internal trainers for retail an operations;
- Organizing training centres with respective logistics;
- Organizing internal courses: BT Academy trainers
- Development and refreshment of internal courses.

Regarding the aim of the courses, these could allow the staff to:

- improve their professional performance, thus helping them be more appreciated by superiors and respected by colleagues.
- Fulfill their tasks of the job, growing their self-confidence;
- Promote in a higher category or in the job they have, a fact that would contribute to their self-esteem, to the increase of the income and to improvement of the working conditions.

So many people express their desire to get training, recycling and specialization courses about their job but also to learn a foreign language, accountancy, computers.

More and more people become aware of the fact that a foreign language and computer literacy are two miraculous keys that can open the door of a better and secure job. That's why people feel the urge of mastering a foreign language and get strong knowledge of computers stimulated by the new regulations about free passage in Europe.

Problems related to HR are less observed by managers within the organization. These fall often into making collective working contracts. The necessity of interpersonal competence that could contribute to professional competence or to raising working effectiveness within the organization is often neglected.

Some knowledge learnt currently must take shape in order to get results. The applied knowledge offer the individual some skills that could lead to competence in the field. Later, these things will turn into habitual actions.

Why should we learn...

The grown-ups learn best when they know the progress they will record so that the following things are taught during a training course.

- recurrence of those activities that get financial and personal satisfaction
- the fastest application of the theoretical knowledge acquired in time in order to put it into practice.
- the fact that, unless skills and knowledge you have get applied over a period of time, they will be forgotten and prove useless.

As expected, there are quite a few obstacles when learning such as:

1. self-complacency
2. the refusal of admitting the necessity of training. The individuals are no longer aware of their deficiencies. They know they have them but they fail to admit it (lack of goodwill, lack of open-mindedness);
3. commentaries regarding the trainer – “I don't like them”; “they have no dignity”; “they are not competent enough”;
4. former experience – people create their own manners and ways of viewing, tackling problems. More often than not these “ways” cannot be negotiated;
5. fear of failure – people often lose their ability to acquire new information. Sometimes it is the very fact that we want immediate results that makes us become irrational and this fact leads to failure. Each of us creates a personal manner that can have both strong and weak points. It is important for us to find the manner that suits us best.

The way we can learn – making, watching or reflecting upon what we have done or testing new solutions for new situations represents the way by which we will always be ready for success!

The companies feel the urge and they are open to collaboration with the universities on multiple plans.



This is how new opportunities occur, not only for economic, foreign language or computers fields but also for other fields like law, technical field and others.

All these aspects are representative, even from the economic point of view. The relationship between economic performance and organization culture takes form by motivation for instance (major efforts, maximum efficiency) by loyalty (small deviation) or by creativity (innovative solutions, grabbing opportunities). That is why it is highly important that the organization should suffer periodic diagnosis process, like a medical test, which could reveal what is good and what is wrong at a given moment, including the view of the organizational culture.

The success of the organization in raising the quality of all the activities that take place depends on the managers' ability to develop human relationships, to admit and evaluate features and individual talents, to give every single employee the chance of getting their utmost potential, to develop and educate the staff of the organization.

The fiery competition of the last two decades and the recession phenomena recorded in the strong economies (USA, Japan, Western Europe), determined the banks to search for new ways of cutting the expenses and optimizing the actions.

In this purpose, a series of major methods are resorted to:

- downsizing (personnel reduction);
- out-sourcing (making use of third parties for some services).

It is unlikely that a major reduction of the banking staff to be made as a strategic option since the demand is a soaring market whose customer database and actions will get higher as the economy of the Romanian market is growing. Yet, the banking staff reductions are necessary in the process of restructuring some banks for the future or due to low ratings.

A most important structural tendency for the developed countries is represented by "flattened" organizing hierarchies, with less pyramidal levels. The supporters of this method take into account these advantages:

- low cost banking expenses (the costs involved in solving a client's complaint go up dramatically unless it is sent on higher positions from clerks to managerial levels);
- the banking operations should be more efficient, a fact which should get free time for the management to tackle strategic and tactical issues;
- more satisfied employees (since the banking staff are no longer compelled to delay minor decisions, sending them to managers instead).

Quality management in a bank is a managerial approach created by mixing Western principles with Japanese ideas. The EU supported the establishment of the European foundation for quality management that promotes programmes of "Total Quality" in order to raise competitiveness of the European companies on the global market. The European model for excellence in business was created to help companies evaluate their own quality status and their plans of introducing measures taken for improving quality. A number of European banks and other financial institutions introduced initiatives from "Total Quality".

Research show that such banks accomplished performance improvement compared to the other competitors as regards:

- profit (growing up to 28%);
- market sector (growing up to 30% or even more);
- cost control (5 -8% improvement)

Activity improvement and rethinking banking activity start from the theory of the systems. Restructuring flows of banking “business process” is proposed in order to:

- minimize the number of banking operations
- minimize the stages of the process sequence
- minimize delays and postponements in a department, or related to an employee of the bank
- minimize the administrative activities to the least necessary and to the levels of reporting.

Tendencies in the banking strategic management evolution will have an influence upon the banking sector in Romania. The following will gain in importance:

- clients
- the proper way of activity of the banks
- innovations and optimization of banking activity.

Thus, in order to develop on a long term, the organization should appeal to the entirety of its own messages regarding the building of a true territory of identity and personality. The basics of this territory lie in its culture.

Something really hard to measure, almost invisible yet not less real and palpable like business mentality can make the difference between successful companies and those having no chances.

The differences between cultural values result from various managerial practice, from the behavior of the actors of the organization.

National culture is the foundation of organizational culture, being involved in management.

The greatest barrier in front of success is represented by limited or false beliefs a person could have, by the myths that person works with. There are myths that can lead a person consciously or not. Trying to get professional success guided by financial myths is like trying to drive a car fast while pressing the foot on the brake.

As a general rule, everything communicates in an organization; every way of communication should be taken into account as a vital element of identity and personality of the organization.

We can conclude that the importance of trainings for the selling power in the financial banking companies represent a main component of the employees’ success regarding the selling process and career management and the placing of the company in top of the market employers. Working in training field sets a permanent challenge, a combination between personal development and passion, between intuition and the opportunity to offer the others crucial experience.

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