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STRATEGIC APPROACH TO SALES HUMAN RESOURCES MANAGEMENT OF UKRAINIAN COMMERCIAL BANK IN CONDITIONS OF CRISIS

Present world financial crisis tests the strength of banking sector of all countries, including Ukraine. The conditions of functioning of commercial banks changed greatly, so do the tasks that face them. All such challenges of modern period must be efficiently solved not only by the managers, but also by personnel of commercial banks. That is why, it is very important to receive the theoretical studies of questions of crisis human resources management for competent skilful decisions in the bank practice. The choice of correct personnel strategy and its realization underlies in going out of the bank's crisis.

Key words: *personnel, bank, crisis, human resources strategy, motivation.*

Banking sector in economics of majority of countries, including Ukraine, experience hard times today. Profitability of banking activity felt down, society becomes more negative to banks and bankers. In conditions of this, requests to personnel of commercial bank must change, so do requests to personnel management strategy. As we see it, in present-day conditions, there is no need in formal, but a real acceptance of strategic importance of human factor in banking establishment. As a result of it, strategic approach is needed for the personnel management in terms of anti-crisis measures of commercial bank.

Basic researches and publications. In spite of the fact, themes, which are dedicated to personnel management, are quite popular today and are subject of researches of many authors (for example, monographs of Armstrong M., S. Shekshnya, S. Bazarov, V. Pugachov, V. Travin, E. Utkin, and others), problems of anti-crisis bank personnel management did not found enough interpretation in science literature. Even specialized publication, that reveal different aspects of personnel work in banking institutions, authors (for example, T. Lobanova, A. Kostuc) specially do not examine the special questions of crisis personnel management. On the other hand, there are many interviews of practicing bank administrators on this theme in periodicals. That is why, it is very important, to receive the theoretical studies of questions of crises human resources management for competent skilful decisions in the bank practice.

Unsolved parts of the problem.

As we see it, in present-day conditions, there is no need in formal, but a real acceptance of strategic importance of human factor in banking establishment. As a result of it, strategic approach is needed for the personnel management in terms of anti-crisis measures of

commercial bank. Aim of the article – identify basic trends of anti-crisis bank personnel management and means of it realization.

Exposition of basic material.

In terms of financial crisis, traditional problems, that banks usually solve, are added with new, such as decrease of revenue of balances, reduction of deposits of population and enterprises, a certain imbalance of currency position, big temporal gap between loans and credits, certain increase of particle of problematic credits in bank portfolios etc. Stabilization of situation in concrete bank foundation depends not only on suspended decisions of shareholders and top-manager in financial politic field, involvement of means, but on everyday efforts of all banks employees, their abilities and orientation on positive result.

Unfortunately, nowadays most of Ukrainian bank managers give priority only for financial, material and informative resources. Human capital stands on nearly the last place in this list. We can assert, that in majority of banks in terms of crisis the approach to personnel as costs is (Tab. 1) ¹, and this must be reduced to minimum.

Table1 Characteristic of difference in approaches to the concept of staff

Staff-costs	Staff-resource
Forcing	Reasonability
Minimization	Optimization
Small period of planning	Protracted period of planning
Results	Means + results
Quantity	Quality
Inflexible	Flexible
Dependable	Autonomous

Global staff reduction in banks and big decrease in quantity of bank branches and subsidiaries means that staff-costs strategy is dominating in bank field. It is the world practice. For example, nearly by 83 thousands employees of large financial companies in the world were dismissed since last July due to financial crisis in the U.S. and Europe. The number of job losses is the same as the number of all personnel of big banks like Goldman Sachs or Morgan Stanley. Only U.S. bank Citigroup has announced a reduction of 52 thousand jobs worldwide in the next six months, after bank losses last year totalled \$ 20 billion. At the same time, last year, Citigroup already reduced its staff by 23 thousand employees.

The scale of reductions in separately taken structures varies from 90 persons (0.1% of total workforce of the company) in a London bank HBOS to 9160 (66 percent) in the American Bear Stearns. On average, financial firms laid off 3.3% of its employees, which many times lower than the last recession of 2000-2003, when the big banks and funds have been reduced 17% of workplaces ².

¹ Управление персоналом организации: Учебник / Под ред. А.Я. Кибанова. – М.: ИНФРА-М, 2000. - 512 с. – ISBN 5-86225-328-9.

² http://e-finance.com.ua/ru/banks/2008/05/27/V_SShA_uvoleny_83_tysjachi_bankirov/

There are the same tendencies in Ukraine. Quantity of unbalanced structural subdivisions of commercial banks in Ukraine had cut down only from October 2008 till July 2009, nearly on 1500 units. For example, «UkrsibBank» has shut 100 departments; «Finances and Credit» - 80; «Nadrabank» - 77; «Ukrprombank» - 32; «Forum» - 20, «Rodovid Bank» - 19; «Kyiv» - 14³. In the first half of 2010 financial agencies have closed nearly one thousand branches. Since the beginning of 2009 till July 1, 2010 banks had closed a total of nearly three thousand branches. Thus only one branch outside the country continues to operate - the Cyprussubsubsidiary of Ukraine's largest Privatbank (Dnepropetrovsk). In the period between October 2008 and October 2010 nearly on 60 thousand employees of Ukrainian commercial banks were left without job⁴.

In parallel with the closing of offices local banks are actively reducing staff. Since the beginning of 2009 about 20 thousand people ended working in the banking sector. Overall, from the beginning of the crisis, number of bank employees declined by 22,5%. According to the report, the number of employees of the Ukrainian banks in September 2010 amounted to 219.65 thousand people. For illustration of reducing process see diagram 1.

Despite global shortenings, banks didn't make it up to decrease costs greatly. Facts of National Bank of Ukraine states that administrative costs of credit institutions for the first quarter of 2009 grew from 3 billion hryvnas. - to 8,73 billion hryvnas, when in the first quarter of 2009 costs made up 5,92 billion hryvnas., and in the first half of 2010 eventually increased by 200 million USD compared to the same period of 2009 - to 17.6 billion USD⁵. These facts prove our thesis that in condition of crisis problems of bank field cannot be solved with cruel reduction of costs on staff. This is not a panacea.

Besides reduction of personnel, we must mark another tendency manpower administration of banking institutions that is also a part of unprofitable personnel-strategy, – this is an intrusion of basic principles of “taylorism” into management. It concerns banks with foreign capital in first place, but it is becoming normal for many domestic banks. It is characteristic for “taylorism”:

- maximum splitting of productive operations and simplification of work functions;
- absolute (thoughtless to some extent) realization of operating standards;
- severe demarcation of administrative and executive functions, creative (leading, organizational) and non-creative (monotonous, executive) work.

It is strange, but the fact remains, Ukrainian bank field that is actually intellectual, is now starting to fill with such mechanical treatment of human place in organization. Most creative functions are given to main office that is sometimes situated in foreign countries. Workers of all subsidiary fields are made to do work out schemes, instructions and standards.

So, commercial bank is becoming more like single tool, where each «knot» (subsidiary, department, etc) and «screw» (employee) quickly and clearly execute their functions, without intruding into the work of other «knots» and «screws», and having no information about their positive experience or failures. As a result, monotony, featurelessness and depersonalization of work, that makes it impossible to become necessary to life and source of implementation of personality. This does not concern lower workers of bank

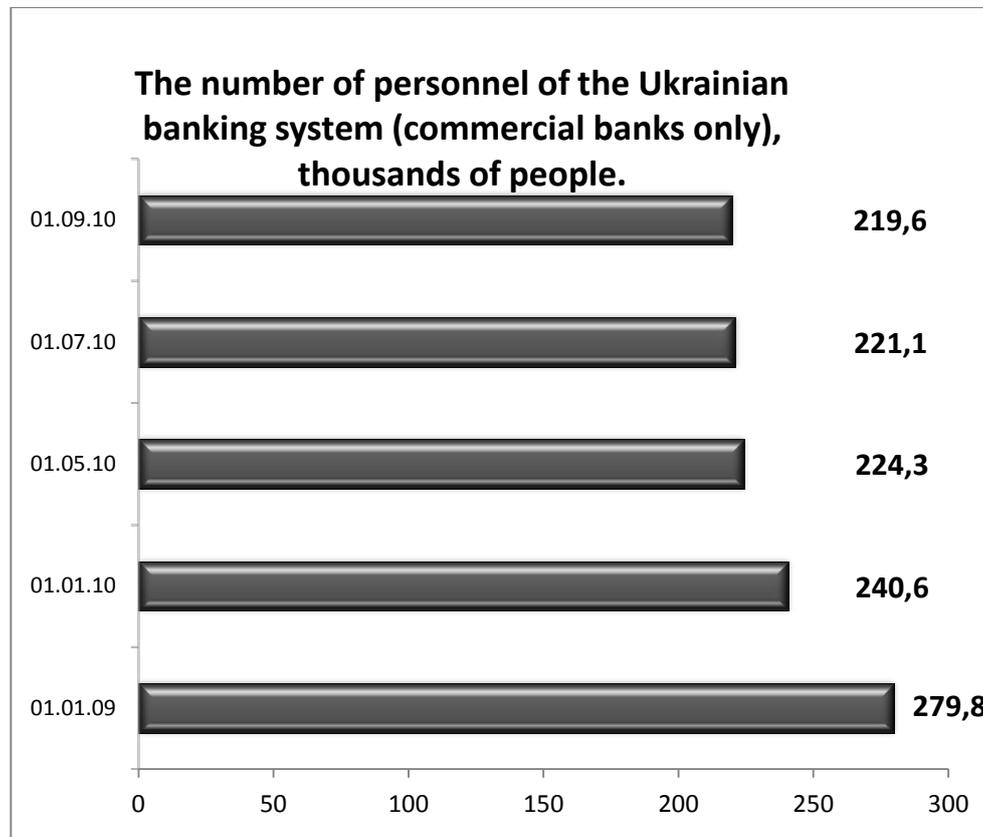
³ РБК-Україна. <http://www.rbc.ua/ukr/newsline/2009/07/21/566890.shtml>.

⁴ Васильева А. Банковские увольнения. http://economics.lb.ua/finances/2011/03/31/90673_Bankovskie_uvoleniya.html

⁵ Гриньков Д. М. Широко закрытые // - БИЗНЕС № 38(921) от 20.09.2010. http://www.business.ua/articles/bank_market/3912/

organizations (cashier, tellers) only, but also managers of lower and middle structural unit of management.

Diagram 1.



Moreover, majority of bank workers ran into great worsening of labour conditions. We can label such characteristics:

- spreading of service zones,
- increase of working hours,
- increase of workload. Quite a typical situation: worked that is usually done by 10-12 employees, is made by three or five people left.
- increase of psychological load. In such a hard time nervous stress and waiting for «terrific» of nearly all clients of commercial banks (borrowers and investors) is taken by personnel of bank.

With the intensification of work, system of compensation of working efforts has become much worse. In the majority of banks, emoluments of employees have been upheld or decreased, premiums are cancelled, bonus programs liquidated, social package – shorten or abolished. So, taking in account inflation and workload, we can say, that nowadays working in bank sector of economy becomes low-profitable. All the stimulation systems in banks are based only on one motivating factor – fear of dismissal. Specialists say, fear «works» 2–3 months only, and there appears indifference or annoyance, and as consequence, loss of loyalty of staff to organization. And this by-turn assists poor execution of functions, nervous breakdowns, emotional relief, relaxation on the bank clients, and breach of bank secret and so on. As a result, critical state of organization intensifies.

So, in our point of view, it is important to accent the attention on the development of reasonable personnel strategy in terms of financial crisis. HR strategy must follow bank

strategy. There are two ways to overcome the crisis - either the liquidation of the organization, or its development in another capacity.

Elimination strategy is used in organizations in which all or main activities are in decline, both in terms of profit, well as because of the position on the market in comparison with competitors. There are two ways to implement this strategy. The first variant - **a complete liquidation of the bank** as an organization, the second - its **resale**. Only by defining the further destiny of the organization we should decide about optimizing workforce.

If the bank is liquidated, its assets are selling by parts (buildings, equipment, etc.), it is advisable to keep employees that perform solely technical, accounting functions, which do not nor solve strategic problems, nor adhered to organization and willing to work for short time. Thus, personnel costs are reduced to a minimum.

If there is a purpose to profitably sell the entire crisis bank as an organization apparently, it is advisable to keep personnel core of the bank as an essential element that is laid in the sales price. Perspective of the existence of the bank should be reported to the key staff to avoid their leaving and to use their personnel potential for more profitable sales of organization.

Strategy of rescue and recovery of organization. This type of strategy is anti-crisis on the whole. The main objective here - is to save bank as an organization to bring it on a new level of development and gain stability for a long term. Leadership of crisis banking institution should state the main goals of crisis management and human resources strategy inform it up to staff. In our opinion, such purposes include:

- ensuring an optimal balance of storing processes and updating of personnel potential of the bank;
- removal of social tensions in primary collectives (branches and divisions);
- human resources development in accordance with innovative and anti-crisis needs of organization;
- identify existing and hidden interests and values that prevail in different groups of personnel of various levels of government bank
- providing economic and information security of the bank and prevent escape of information and fraud by staff;
- compliance with labour laws;
- consideration of conjecture of labour market.

For successful implementation of this strategy we need to add certain efforts to highlight so-called "problematic sites", effects that slow down the livelihoods of the banking institutions and to develop particular measures. Let's pay attention to the most important of those.

1. It is necessary to formulate the basic requirements to the personnel which are needed just in crisis terms of bank functioning. We must note that during the crisis banking activities are aimed at solving issues not only financial nature, but rather psychological: negotiating with borrowers, reducing nervousness of investors (especially elderly people) and other.

We believe that problems cannot be solved with only similar professional and skill characteristics of workers. Other staff skills and competence are now needed more than in a stable situation. Therefore purely professional (qualification) requirements for the personnel of a banking institution in crisis conditions, in our viewpoint should be added with following:

- psychological stability and ability to work under stress
- internal self-discipline,
- loyalty to the banking organization,

- negotiating skills and ability to listen,
- ability to work in teams, mutual aid,
- flexibility of experts to changing conditions,
- focus on long-term goals
- dedication
- reliability of the relationship between employees and departments,
- focus on long-term goals,
- initiative and intuition.

2. Carefully analyze the presence or absence of the necessary elements of personnel management system (like planning of staff, organization of recruitment and hiring, training and staff development, business valuation, availability and effectiveness of incentive mechanisms, etc.) and create balanced modern system of human resource management.

3. It should be noted, that the rapidly changing macroeconomic environment continually establishes new requirements to the bank personnel. The mismatch of personnel competence to the needs of the organization in production exacerbates crisis and leads to low productivity and excessive personnel costs. According to surveys conducted in late 2008 (at the beginning of the sectoral crisis) professional standards consistent of 15.2% of managers of Ukrainian banks only ⁶. A lining competencies to the needs of the bank must stand on one of the highest positions of importance.

4. Develop a qualitative analysis of the official structure of the bank. Most crisis banks can be characterized by a lack of clear, rational distribution of functions among employees, duplication of work; deficit or surplus personnel. Thus, the main goal should not be reducing staff numbers but optimization based on the definition of specific goals and objectives of each officer in the exit from crisis strategy of the bank.

5. Analyze parameters of composite organizational culture. Manifestation of weak organizational culture during the crisis can be: lack of initiatives of employees; hard emotional atmosphere in the collective because of the threat of dismissal or a sense of hastening collapses of organization; large number of conflict situations, nervous breakdowns. It is important to determine the presence of the countercultures and try to neutralize them. Particular attention should be paid to identifying informal leaders who can make both positive and negative impact on bank staff during the crisis.

6. Check the loyalty and reliability of personnel and identify contingent of employees which are potential or real threats to the economic security of the bank.

7. Motivation of staff is of particular importance. On one hand, we agree that the salary of board members of most Ukrainian banks is excessive ⁷ and requires filling during the crisis. But we believe that it is completely wrong to refuse bonus programs related to ordinary employees of banking institutions.

According to the definition, compensation package is material and immaterial reward received employee as compensation for the representation of organization of his

⁶ Половинко А. Банки и кризис] / А. Половинко // Организатор. - 2010. - № 2. - С. 22.

⁷ Костюк, О.М. Корпоративне управління в банках в умовах фінансової кризи: визначення пріоритетних напрямів розвитку / Проблеми і перспективи розвитку банківської системи України : збірник тез доповідей XII Всеукраїнської науково-практичної конференції (12-13 листопада 2009 р.): у 2 т. / Державний вищий навчальний заклад «Українська академія банківської справи Національного банку України». – Суми : ДВНЗ «УАБС НБУ», 2009. – Т. 1. – С. 74.

time, health and results of work⁸. More stressful nature of work of crisis bank requires adequate compensation of labour efforts. Therefore in our view, in the face of rising inflation in the first place attention should be paid to economic incentives for staff. In our opinion such improvements of the following areas of staff compensation are possible:

- After the program of optimizing the number of staff, salaries should be raised taking into account of the new workload and stressful working conditions of employees remaining in the bank. The stimulation of employees from front offices, departments of work with individuals and professionals that deal with reduction of arrears requires special attention, as these officials with the most intense and stressful character of labour during the crisis.

- Do not cancel bonuses, make them applicable tool to stimulate instead. The criteria for awarding bonuses should be performance or effectiveness of work.

- The introduction of spot bonuses that is one-time reward for specific achievements (for example, the successful negotiation about restructuring of external debt).

- A possible variant would also be an input of new methods of stimulating for certain categories of managers at a specific period (for example, on a period of revision of credit portfolio to make it better).

- Maximally leave the corporative benefits, which are aimed at creating a sense of caring on the part of organization (such as catering, flexible labour, health insurance, etc.).

- Thus, the social package should be created on a "cafeteria", that is to give employees a choice of benefits.

8. It is necessary to examine the activity of top management in building the strategy of formation and use of labour potential of bank carefully examine the level of competence of each senior and middle management, his ability to work in crisis conditions.

9. Carry out the work with the personnel reserve for the nomination and evaluation of skills of reservists for work in crisis conditions.

We should note that due to financial crisis and the labour market, new trends have appeared to protect the rights of bank employees. Employers of banking sector should pay attention to proposals that are actively discussed (yet online) about a trade union of bank employees. A similar movement is a response to massive reduction of personnel in the field, reducing of the real wages of bank employees, and unprofessional methods of dismissal of certain staff members and uncertainty about the future of people working in banks and so on. Therefore, if employers will not listen to the advice of specialists in personnel management now, then later they will have to make concessions to teams that are already under pressure of trade unions.

Conclusions. Problems that banking institutions are facing during the financial crisis are very complex and unusual. They require coordinated actions from shareholders, managers and ordinary employees of the bank.

First of all, it is very important to decline staff-costs approach in management. It is therefore essential to use own human resources like the most flexible resources, which would be able to adapt to the new conditions of operating.

Secondly, HR strategy of crisis organization must follow the bank strategy. The choice of HR strategy must depend on the bank's afterlife. Correct HR strategy can considerably reduce costs and increase production efficiency.

⁸ Мордовин С.К. Управление человеческими ресурсами: 17 модульная программа для менеджеров «Управление развитием организации» / Мордовин С.К // [Текст] : Модуль 16. / - М.: ИНФРА-М, 1999. – 360 с. – ISBN 5-16-000054-2.

Thirdly, the management must concentrate its efforts on the creation of the effective system of motivation, drop of the stress of staff and develop personnel competences adjust in accordance with new needs of the bank.

In our opinion, only an integrated approach, when it is along with financial and organizational changes, is gaining crisis personnel measures, it will allow banks to survive the crisis with minimal losses.

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Summary

The article analyses the most important questions of strategy crisis management of human resources in Ukrainian commercial banks. Solution of these problems requires modern decisions in relationship between human resources and managers.