

FEATURES OF HR-MANAGEMENT INTRODUCTION IN THE BANK ACTIVITIES

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Introduction. The strategy of HR management in European companies is based on three main parameters: correct selection and placement of personnel, investment in employee development and an effective system of tangible and intangible motivation. Despite the existing differences related to the national mentality, there are a number of common features between the Ukrainian and European management culture, which allows transform management in practice.

It is worth noting that HR management is a key part of management that affects all other aspects. Moreover, more and more business processes in developed economies are already performed automatically, there is a relentless process of digitalization of management with the latest innovative technologies, in this regard, the employee is also required to perform increasingly complex, intelligent, innovative, creative tasks.

The creative potential of the employee in turn determines the overall innovative potential of the business and implies that the employee must not only qualitatively perform the tasks set before him, but also constantly improve their methods of work, increase efficiency, make innovative (innovative) proposals. One of the indicators of “innovation proposals the effectiveness” of employees can be, for example, savings from their implementation or added value from the development of new activities.

Main material of the research. Statistics from a number of European countries show a high level of spending on staff training and development in Europe. On average, European companies spend from 1 to 2% of the total salary fund on human capital development programs. However, despite the fact that European countries are characterized by the same principles of HR management, the effectiveness of human capital in different countries varies greatly. One of the main indicators of HR efficiency is the indicator of “labor productivity”. The Organization for Economic Co-operation and Development (OECD), which includes developed market economies, provided statistics on overall labor productivity at the country level. The indicator was calculated as the level of GDP (in current prices, in US dollars), created by the country for 1 hour of the working day by one employee [1].

If we take the US productivity rate as 100%, the average level of labor productivity in OECD countries is 74%. At the same time, labor productivity in the EU area is much higher than average – its level is about 84.5%.

Norway, Ireland and Luxembourg are ahead of the United States in terms of productivity, Germany and France are also in the lead, while labor productivity in Spain, Italy, Portugal, Greece and the Czech Republic is less than ten percent or more. It is also obvious that not only labor productivity in units of GDP, but also the quality of goods and services produced, as well as innovative business activity are far from identical between different European countries.

In Ukrainian banks, the effectiveness of HR management remains extremely low compared to most developed countries in the West. The average employee productivity in Ukraine is only a third of the same figure in the United States, and many times lower than the productivity in Northern Europe and Japan. Analyzing

various factors, we can conclude that the reason for such low rates is not so much technical backwardness of production, as inefficient management style, commonly used in Ukrainian banks [6].

To analyze the features of the HR management implementation, we chose the object of study banking institution JSC “PrivatBank”, which despite the economic crisis, the coronavirus pandemic, hostilities in eastern Ukraine occupies a leading position in the market in Ukraine, except moreover, it is one of the most modern banks in the world.

This was facilitated by the bank’s chosen strategy aimed at digitalization, which fully met its expectations: increased the bank’s income, met customer needs, reduced queues and improved the quality of service. The researched bank was one of the first to introduce online customer service using the Privat24 software application, which is also available by phone. All other banks of Ukraine in this direction imitated JSC “PrivatBank”.

Considering the staff of JSC “PrivatBank” it can be noted that the bank’s management is trying to form a team of highly qualified specialists who can quickly solve the most complex problems and meet the rapidly growing needs of customers in banking services.

The structure and number of staff are determined by the functional structure of this bank, so the number of bank staff in 2020 increased by 3075 people, which is 12.8% more than in 2018 (Table 1). The average analysis of the staff for 2018–2020 shows that the number of staff is growing every year. This course of events is related to the expansion of the branch network of JSC “PrivatBank” [8].

At the moment, the bank’s employees not only have financial education, but also have communication skills, know marketing and know how to sell banking products, communicative, customer-oriented, able to learn and professionally, as well as personally develop.

Table 1

Analysis of the number and maintenance costs of JSC “PrivatBank”

	2018	2019	2020
Average number of staff (employees), persons	20875	22140	23950
Staff costs, UAH	3 048 770	3 170 158	3 477 250

For effective management and motivation, staff should be divided by age, gender, experience in the bank [7]. First, we analyze the staff of JSC “PrivatBank” by age (Figure 1).

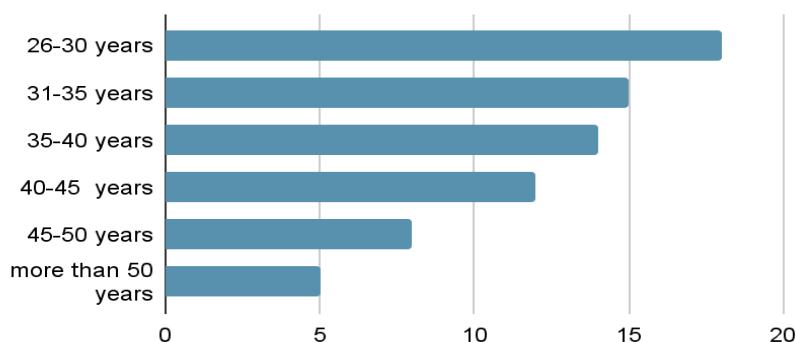


Fig. 1. Average age of staff of JSC “PrivatBank”, %

This analysis shows that mainly JSC “PrivatBank” employs young people aged 21 to 25 years. This is due to the fact that the bank focuses on young professionals who have already graduated or are just getting an education and have no experience. With the help of online practice, recruiters have the opportunity to get acquainted with potential employees and then offer the best students employment. The average age of staff is 31-35 years, the lowest percentage is occupied by employees over 50 years.

The analysis of the bank’s staff by gender shows that the bank employs more women than men: 60% – women and 40% – men.

The next stage of personnel analysis will be the analysis of employees by level of education (Fig. 2). Most employees of JSC “PrivatBank” have higher education, which corresponds to the position profile. The bank has created favorable conditions for higher and postgraduate education, more than 50% of employees annually improve their skills [8].

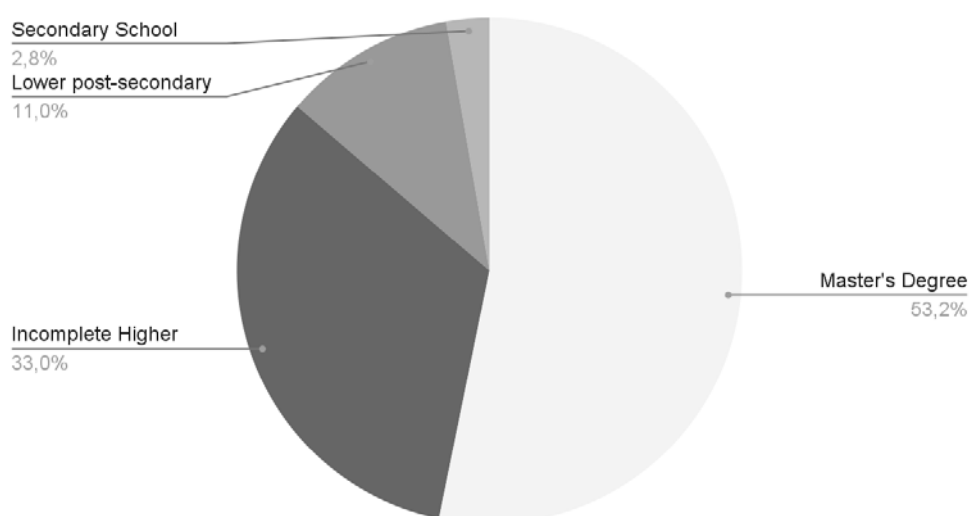


Fig. 2. Level of education of employees of JSC CB "PrivatBank", %

Analysis of staff by work experience (Fig. 3) in JSC "PrivatBank" shows that most people work in the bank for 3-5 years.

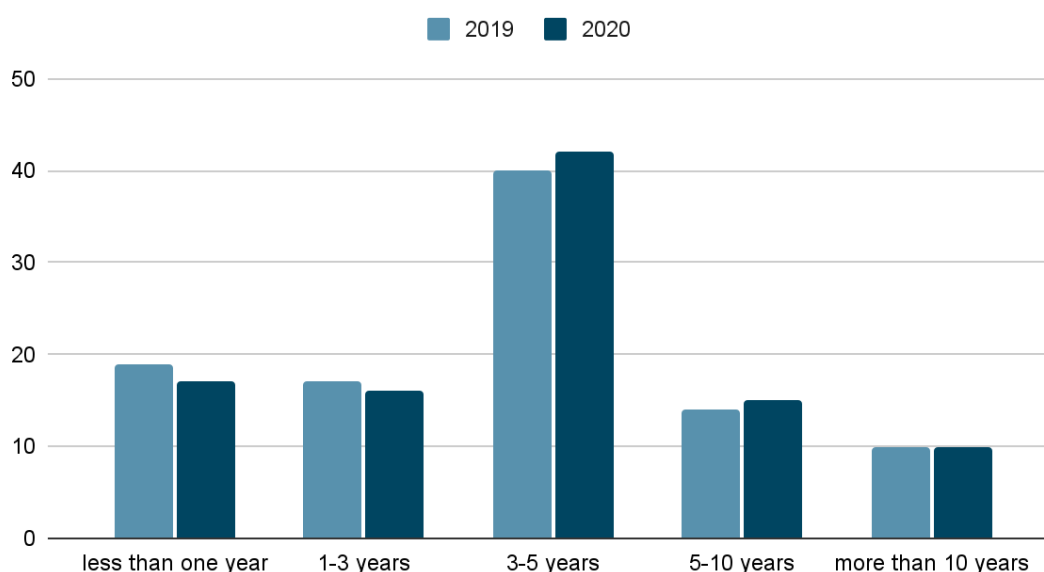


Fig. 3. Analysis of staff by work experience in JSC "PrivatBank", %

JSC "PrivatBank" actively hires students, young people who have minimal or no work experience. This factor motivates young professionals to go to work in this bank but given that one of the most important methods of motivation is a salary, having worked for a short time in PrivatBank, young people change jobs. Specialists are moving to competitors because of higher wages and better employee motivation.

Although there are employees who remain in the same place, but not because they are loyal to the bank, as management may mistakenly believe, but for fear of losing their jobs in the new economic environment.

To solve this problem, managers need to practically explore the level of employee satisfaction with their profession and understand what factors push them to change jobs.

For this purpose, an anonymous survey was conducted, in which 50 employees of JSC "PrivatBank", who hold various positions, took part. The purpose of this survey is to determine how employees relate to existing methods of motivation and their expectations. The developed questionnaire and constant monitoring will allow the bank's management to see what methods of motivation are necessary for the successful work of staff and which significantly affect the efficiency of work.

The survey showed the following results:

- 56% of the bank’s employees are dissatisfied with their work, noting that the main reason is insufficient wages;
- 81% of employees clearly understand what remuneration they receive for the results of their work, but 19% of respondents do not know exactly how this accrual takes place and for what;
- 76% of employees believe that the work they perform corresponds to their qualifications, 24% do not agree with this;
- 69% of employees assess the psychological climate in JSC “PrivatBank” as normal, but 31% of employees experience psychological stress while in the team.

The analysis showed that the management of JSC “PrivatBank” should pay attention to the introduction of new approaches to its personnel management. Moreover, due to globalization, modern managers have the opportunity to objectively assess the advantages and disadvantages of each management style and try to transform their positive features to ensure the sustainable development of the banking institution. It became obvious that it is necessary to try to create a new management style that would combine the advantages of both styles – an effective decision-making system, control, and a high degree of employee independence, which motivates them to improve quality and initiative, creativity and labor productivity.

Such HR management systems include the Harzburg model of management, which originated in Germany and is based on the delegation of authority and responsibility. The basic idea of the model developed by Professor R. Hahn is that each employee in the company must be given a certain range of tasks and powers, within which he has the right to act independently and make decisions. The structure of the Harzburg management model can be described as a four-stage scheme (Figure 4).

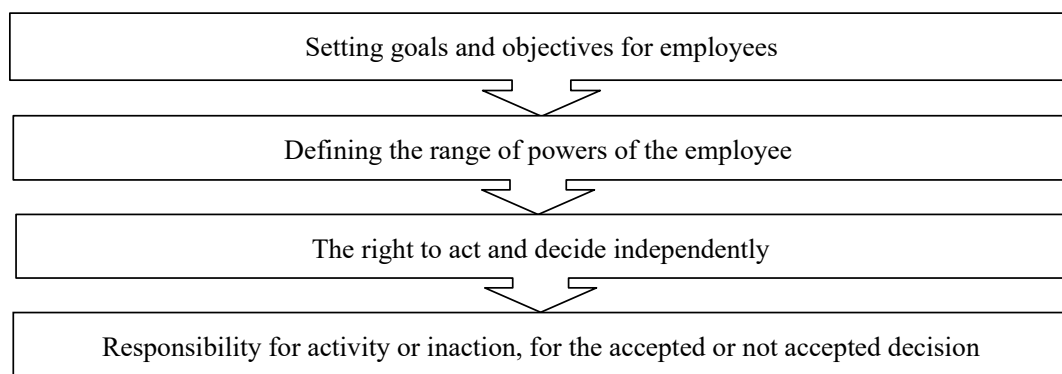


Fig. 4. Structure of the Harzburg management model

This scheme is the basis for the development of “Employee Workplace Description” (EWD), which is a document that sets out for the employee purpose and objectives of his workplace, the range of powers delegated to him to solve tasks, and determines the level of responsibility for actions or inaction. Responsibility is a central element of a management model based on the delegation of authority. The idea that senior management should be responsible for everything that happens in the company, unfortunately, and today is in the minds of some managers and is a major obstacle to self-initiative of employees [2].

The manager can not and should not have knowledge that exceeds the competencies of employees in areas such as accounting, law, engineering, office work and others. The task of a modern manager is to ensure the development and implementation of the company’s strategy, select competent employees, give them their own range of powers that corresponds to their competence, motivate them to make independent decisions within this range, as well as exercise control. That is, the manager acts as a super dispatcher, who organizes and directs all employees potential in the right direction to ensure sustainable development of the enterprise.

The authority of a new type of leader is based on being able to manage people who are more competent within their authority. In this regard, the Harzburg model provides division of responsibilities into 2 types: responsibility for actions and responsibility for leadership [3].

As the position of the leader in the management hierarchy increases, the share of his responsibility for management increases and the volume of specific types of work (actions) decreases and thus the level of responsibility decreases.

The model of authority delegation also pays great attention to the formation of soft-skills management of the bank, which provides skills for effective team management, ensuring a high level of communication and information exchange within the enterprise, introducing new types of staff motivation, forming interpersonal relationships based on respect and trust, ensuring a positive climate in the team, etc.

One of the most important principles of the delegation authority system is the obligation to control employee's work by his immediate supervisor. In contrast to the authoritarian management system, where total control is widespread, which involves manager intervention in all employee processes and is associated with distrust, in the Harzburg model of management the main task of control – to identify possible errors in the employee, give him feedback on the results work performed, to give the opportunity to correct mistakes and shortcomings in the work, as well as to spread the “positive experience” within the company. As in the case of liability, control over its content is divided into 2 types: control over professional activities and control over human management [4].

In general, the model of authority and responsibility delegation is a successful combination of authoritarian and democratic management style. By clearly delineating the powers and responsibilities of each employee at any level of the hierarchy, as well as the development of social competencies of the leader, it allows to combine the independence and initiative of employees with control and a transparent decision-making system. In addition, the proposed management style will promote the development of horizontal communications and collegial cooperation in JSC “PrivatBank”, improve the microclimate, promote more trusting relations, but may also reduce the authority of the head as a whole, so it is recommended to apply to the already formed team which works together over a period of time.

The advantages for JSC “PrivatBank” in the application of the Harzburg model are presented in Table 2. Examples of a number of German and European companies demonstrate serious practical results of this model, which are related to the employee's efficiency and their level of innovation.

Table 2

Advantages for JSC “PrivatBank” in the Harzburg model application

Performance parameters	Mechanism of management style influence based on delegation of authority
Labor productivity	A clear understanding of the tasks range, availability of a detailed description of delegated powers, lack of functions duplication among employees, presence of a well-established system of collegial cooperation can significantly reduce the time of work.
Quality of work	Increasing the level of responsibility by allocating an “independent area” of work, ability to make decisions independently, motivation of the employee to constantly improve the quality of their work. The employee knows that the person is responsible for the result.
Innovations	Innovations related to the “functioning” of the bank: even ordinary employees are motivated to be creative, as they are given the right to make independent decisions within the delegated powers. The result is the implementation of innovation proposals of employees. Innovations related to the “development” of the bank: thanks to the system of delegation, managers have time to develop new strategic directions of development, they get the opportunity to realize their creative potential without exchanging total control of employees and routine work.

Personnel management in the bank has its own specifics, which is based in particular on recruitment, motivation and adaptation. During personnel management, manager faces such problems as staff turnover, staff dissatisfaction with working conditions and remuneration, stressful situation when working with clients.

Economic, administrative and socio-psychological methods are often used to manage personnel. We should not forget that an important role is played by personnel assessment, staff development planning, assistance in adaptation. Keep in mind that all management decisions should be based on receiving feedback from employees. Detection of feedback between the management and staff of the bank can be through the use of techniques such as:

questionnaires (questions for questionnaires of bank employees are formed in such a way as to cover as many areas as possible that affect on staff performance);

informal conversations (usually between an manager and an employee in an informal setting and can be very meaningful to the employee. The manager can obtain valuable information about problem areas in the employee activity or the department as a whole).

Thus, one of the most important factors influencing productivity, quality of products and services, speed of development and dissemination of innovations is the effectiveness of HR management, which is directly

related to the management style used in the banking institution. Ineffective management style, which has traditionally developed in Ukrainian banks, is associated with such features as: manager's distrust of employees, unwillingness of employees to make decisions, "collective responsibility" as opposed to individual, punitive initiative, negative motivation (fear of punishment stronger than incentives tangible and intangible motivation). Ukrainian banks have many reserves in the field of effective management of employees based on the use of a set of mechanisms for delegation of powers, intangible motivation, collegial cooperation. Managers of Ukrainian companies and banks are currently focused on developing and following the European model of HR management, as every year the Ukrainian labor market is filled with international companies, employees have the opportunity to train abroad, gain best practices, which primarily increases productivity, but also on the other hand, it helps to increase wages, increase the level of motivation, and gradually move from an authoritarian to a democratic style of government.

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UDC 330

JEL J53, M54

Alina Chaikina, PhD in Economics, Associate Professor of Management and Logistics Department. **Nina Ivasenko**, Masters's Degree Student. National University "Yuri Kondratyuk Poltava Polytechnic". **Features of HR-management introduction in the bank activities.**

It was proved that the effectiveness of HR management in Ukrainian banks remains extremely low compared to most developed countries in the West. It was found that the average labor productivity of employees in Ukraine is only a third of the same figure in the United States, and many times lower than labor productivity in Northern Europe and Japan. The authors analyzed the JSC "PrivatBank" activities and identified features of the HR-management implementation. The study showed that JSC "PrivatBank" despite the economic crisis, the coronavirus pandemic, the conduct of hostilities in the eastern part of Ukraine occupies a leading position in the market in our country. The analysis revealed that PrivatBank actively hires students, young people who have minimal or no work experience, but after working for a short time, young people change jobs. Specialists are moving to competitors because of higher wages and better employee motivation. It was found that employees working in the bank remain not out of loyalty to the bank, as management may mistakenly believe, but out of fear of losing their job in the new economic environment. An anonymous survey allowed us to determine how employees feel about existing methods of motivation and their expectations. The analysis showed that the management of JSC "PrivatBank" should pay attention to the implementation of new approaches to personnel management. Moreover, due to globalization, modern managers have the opportunity to objectively assess the advantages and disadvantages of each management style and try to transform their positive features to ensure the sustainable development of the banking institution. It was proved that the task of the manager is to develop and implement the company's strategy, select competent employees, give them their own range of powers that corresponds to their competence, motivate them to make independent decisions within this range, as well as control. It was proposed to implement the Harzburg management model and identify the benefits for JSC "PrivatBank" in its application.

Key words: management, banking institution, HR management, management models.

УДК 330.658

JEL J53, M54

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Доведено, що в українських банках ефективність HR-менеджменту залишається вкрай невисокою порівняно з більшістю розвинених країн заходу. Виявлено, що середня продуктивність праці співробітника в Україні становить лише третину від аналогічного показника в США, і в рази нижча, ніж продуктивність праці в країнах Північної Європи та Японії. Авторами проаналізовано діяльність АТ КБ «ПриватБанк» та виявлено особливості впровадження HR-менеджменту. Дослідження показало, що АТ КБ «ПриватБанк» незважаючи на економічну кризу, пандемію коронавірусу, ведення військових дій на східній території України займає лідируючі позиції на ринку в нашій країні. У ході аналізу виявлено, що ПриватБанк активно приймає на роботу студентів, молодь, у яких мінімальний досвід роботи або взагалі відсутній, але пропрацювавши недовгий час молодь змінює місце роботи. Фахівці переходять до конкурентів через вищу оплату праці і кращу мотивацію співробітників. Виявлено, що співробітники, які працюють в банку, залишаються не через лояльність до банку, як помилково може вважати менеджмент, а від страху втрати роботу в нових економічних умовах. Проведене анонімне анкетування дозволило визначити, як працівники ставляться до існуючих методів мотивації і їх очікування. Аналіз показав, що менеджменту АТ КБ «ПриватБанк» слід приділити увагу до впровадження нових підходів до управління своїм персоналом. Тим паче, що внаслідок глобалізації, сучасні менеджери отримали можливість об'єктивно оцінити переваги та недоліки кожного стилю управління та спробувати трансформувати їх позитивні риси задля забезпечення сталого розвитку банківської установи. Доведено, що завданням менеджера виступає розробка та реалізація стратегії компанії, здійснити підбір компетентних співробітників, надати їм власний діапазон повноважень, що відповідає їх компетенції, мотивувати до ухвалення самостійних рішень у рамках цього діапазону, а також здійснювати контроль. Запропоновано впроваджувати Гарцбургська модель управління та визначено переваги для АТ КБ «ПриватБанк» у її застосуванні.

Ключові слова: менеджмент, банківська установа, HR-менеджмент, моделі управління.