MANAGEMENT OF HUMAN RESOURCES IN THE FINANCIAL-BANKING SYSTEM

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Abstract

The role of the human factor is essential both in the implementation and application of the own normative system, which has not only the role of risk reduction, but also, in particular, the realization of the bank's strategies and policies, as well as from the perspective of maintaining the bank's position on the market under the conditions of universalisation of the objects activity in the field of banking, development of information and communication structures and uniforms in the structure of products and services offered by banks (competition for the implementation of new products and services becoming extremely acute in Romania in the current period), resource management human is already a priority element of the evolutionary strategies of a modern bank.

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Classification JEL: *E58, G01, G15, G21*

1. INTRODUCTION

Human Resource Management is important for banks because banking is a service industry. Management of people and management of risk are two key challenges facing banks. How you manage the people and how you manage the risks determines your success in the banking business. Efficient risk management may not be possible without efficient and skilled manpower. Banking has been and will always be a "People Business". Though pricing is important, there may be other valid reasons why people select and stay with a particular bank. Banks must try to distinguish themselves by creating their own niches or images, especially in transparent situations with a high level of competitiveness. In coming times, the very survival of the banks would depend on customer satisfaction. Those who do not meet the customer expectations will find survival difficult. Banks must articulate and emphasize the core values to attract and retain certain customer segments. Values such as "sound", "reliable", "innovative", "international", "close", "socially responsible", "Indian", etc. need to be emphasized through concrete actions on the ground and it would be the bank's human resource that would deliver this.

It is a common complaint among bank executives that skilled manpower is in short supply. No two arguments on this, HR resources are becoming scarce – both in quality and quantity. And, it is quite elementary that any resource that is in short supply needs to be properly managed for the benefit of society and, therefore, you need to pay attention to the entire Human Resource Management process. What do I mean when I say this? You need to manage the people – and for this you need to discriminate between the people, I mean positive discrimination. The entire spectrum of HR practice requires revolutionary changes if the banks have to survive. Managing the people is the key challenge.

2. MANAGEMENT OF HUMAN RESOURCES IN THE FINANCIAL-BANKING SYSTEM

The banking sector has grown from a few institutions primarily involved in deposit acceptance and trade finance into a complex multi player markets where large number of commercial banks, financial institutions and specialized banks are operating with various products and activities.

The banking has become a complex activity within the financial market linked directly and indirectly with an over-all national growth and its impact as an integral part of regional segment of a global banking environment.

Almost every bank and financial institution is involved in various functions in a day's job and thus requires a highly effective team and appropriate manpower to run the show. Corporate goals are translated into viable realities and profits only with human element who play their due role in achieving the desired results.

Thus even the high automation would require proper man behind the machine to make things happen. This idea has been realized by top managements in progressive banks.

Like many other organized sectors, banking requires a multi layer manpower for its various requirements of professionals and support staff. The range may require reasonably educated security guards on the one end and a highly educated and trained professional as head of corporate finance at the other.

With liberalization of activities within the banking sector, for example, more emphasis on consumer and house finance and personal loans, etc. banking has turned itself into a more market-based business where banks have expanded their reach more to customers' door steps in a big way making banking more practical. This has further highlighted the need for proper deployment of man-power to run banks efficiently.

For many years, HRM banks like other institutions have been handling this sensitive activity through respective personnel departments. This means human resources were managed like other physical assets e.g. pieces of furniture, calculators, equipment and appliances.

Personnel departments were primarily engaged in approval of leaves, handling of staff loans, issuance of show cause, conducting disciplinary enquiries and termination from service.

Lately, due to the rapid development of the market, but also due to the fierce competition, the financial-banking system faces a great demand of banking specialists. Starting from the demand-offer game, the migration of skilled labor from one bank to another is very high and every financial sector employer would like to be able to achieve such a human resource management that would allow its stability of strength work, loyalty to the best employees, reducing the cost of training new staff.

The issue faced by banks regarding the management of human resources refers to the following coordinates:

- ✓ *Development and retention. The financial and banking sector is a dynamic, accelerated growth area*, which changes the expectations of qualified staff.
- ✓ *Motivation*. Compensation and motivation, as an essential component of human resource management, must be real and competitive.
- ✓ *Geographic location*. Managing widely-distributed resources raises issues of data fragmentation and centralized management, as well as management costs.
- ✓ *Cost control*. In a highly competitive environment, where profit is more and more difficult to obtain, and the margins of active and passive interest sometimes only reach 2 percentage points, the issue of streamlining processes and optimum use of labor is raised.

- ✓ *Effective training.* The need for training increases with the growth and sophistication of the market and products offered. It is necessary to be able to carry out this training as efficiently and at the lowest possible cost.
- ✓ *Reporting*. Perhaps most ad-hoc reporting requests are related to human resources. Human Resources departments in banks have to cope with the demand both inside and outside.
- ✓ *Legislative changes*. In the field of human resources, legislative changes imply the need for rapid adaptation and minimal effort.

Recruiting, selecting and staffing are major components of the staffing function that takes place with the management of the firm.

Through the recruitment and selection process, the following steps are generally carried out:
- establishing the need for recruitment that is done by a department or office within the bank;
- defining the content of the job with the purpose of determining the tasks and attributions that will come to the new employee;
- Internal job search is done through advertisements made in the press; banks have in the last two years recruited staff from the category of fresh graduates of economics faculties, considering that this category of people needs a complement of theoretical and practical knowledge and are more interested in a job and would be more disciplined in order to maintain it;
- the selection of candidates, which will reduce the number of applications; special care is taken in particular: length of service in another bank or financial institution, professional training and necessitating a characterization from the last job;
- the interviews that take place after studying the application files, with those candidates who have been detained;
- tests - Candidates who have been recommended following the interview are subject to certain tests (for example, PC skills, respectively knowledge for managers and credit risk experts);
- Final decision - Candidates who have been detained after the interview and test phases are presented to the hierarchical head of the vacancy department for a discussion-interview.

Recruitment was a routine function and was done in a mechanical way to hire people with specific educational background irrespective of their real value to the institution.

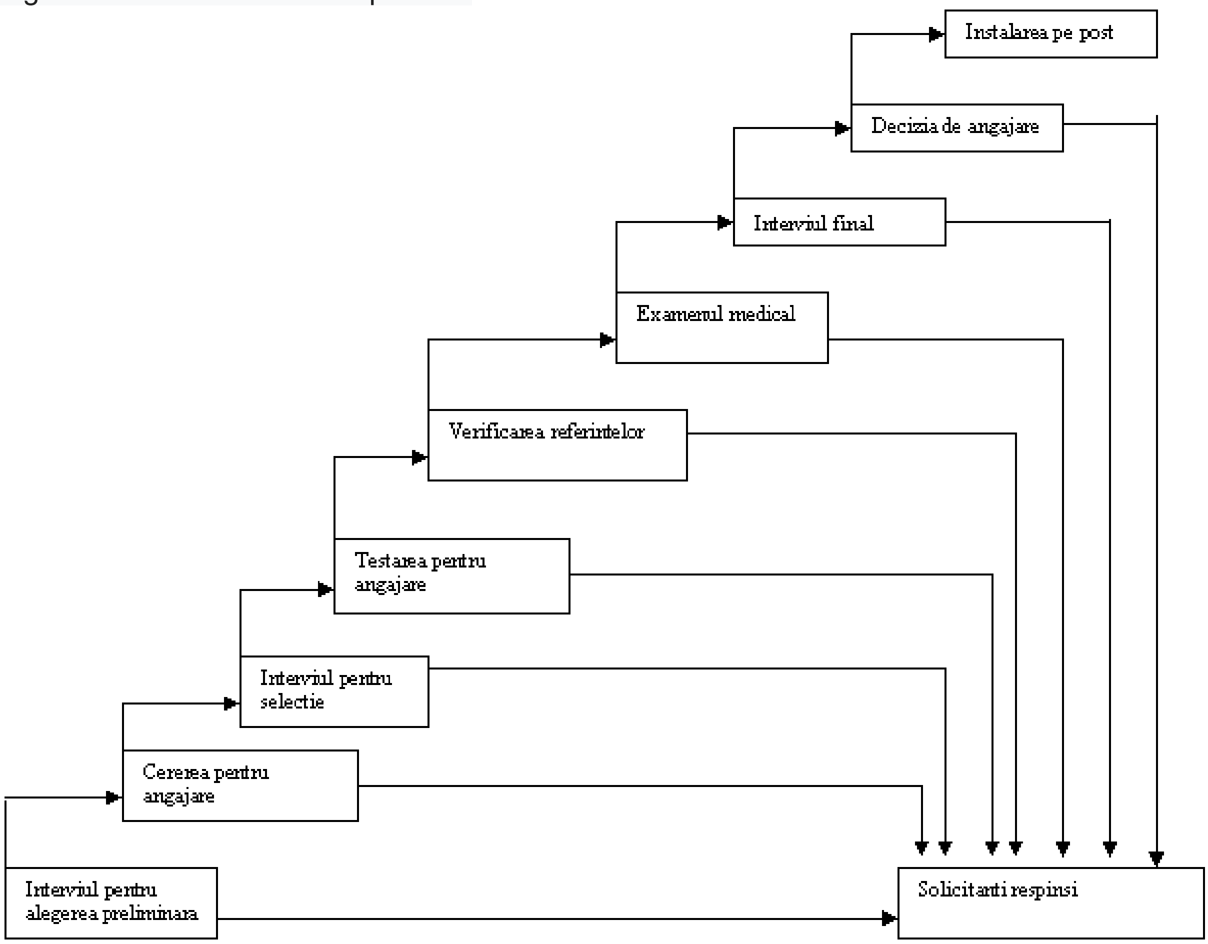
Success stories of large banking companies have been evident of the fact that HRM is quite different from management of physical assets. Human brain has its own peculiar chemistry.

Its strong sensory and decision-making capacity has to be greatly emphasized by the employers. The work force constituting all levels of employees are constantly thinking in many dimensions.

On the one hand it is the assigned duty and task they are to perform and for which they are paid by their employer, on the other they think of their long run goals and objectives.

By no means, their brains can be controlled to think beyond the current situation of employment. Managing this educated, skillful and trustworthy work force is not an easy job.

Figure 1. The staff selection process



3.MANAGEMENT OF MOTIVATION AND RECOMMENDATIONS

The task of the manager, as a catalyst element of the group, is to identify and activate the reasons for the employees, to direct them to a performing work.

Negative motivation is generated by the use of obsolete motivational factors. Although it resembles a primitive type of motivation, based on threat, punishment, blame, it has to be included with certain precautions in the motivational tool of management.

Precautions for using negative motivation are due to sociometric research that reveals the following:

- knowing the risk of sanction personally has a greater motivational effect than the sanction itself;

~ very harsh penalties have a weak motivational effect on both the guilty person and the rest of the staff because the majority of employees tend to deny the honesty of harsh sanctions, considering them to be a bad mood;

~ too much of sanctions, apostrophes, blames on staff can lead to insensibilization or solidarity to mistype or conceal the truth to hierarchical superiors;

~ any formal or unwarranted, unlawful, unlawful, or tacit or discriminatory discrimination against the regulations containing sanctions leads to multiplying the negative effects of rejection, violation or ignoring of the rules and sanctions;

- the effect of the disciplinary measure applied to an employee can influence the attitude and behavior of the employees; thus, an excessively severe sanction compared to facts, tends to transform punishment into a martyr, drawing compassion and sympathy for others and refusing to collaborate; conversely, a moderate sanction in relation to the seriousness of the offense can promote the idea of management's indulgence towards deviations and, implicitly, their multiplication;

~ When an organization appears to be sanctioned is not a shame it is preferable not to resort to sanctions before redesigning the motivation system.

Employee reward represents the total material and cash income of the present and future benefits and benefits, directly or indirectly determined by the employee's employment and carried out by them. The direct rewards include the amounts that employees receive for their work and / or the results obtained, wages, bonuses and incentives. Indirect rewards for staff facilities, both during and after employment, due to former employee status. Indirect remittances are very diverse, ranging from holiday pay, unemployment benefit, to retirement or dividends, abstained as business associates.

The rewards strategy must meet the following requirements: fairness of rewards, the correlation of departmental costs with the usefulness of functions and employees, the rewarding of outstanding performances, meeting the requirements of the labor market. The theoretical structure of staff rewards has a practical equivalent in the structure of spending to secure these rewards. From the gross salary the salary tax and contributions to the social insurance, unemployment insurance and social health insurance funds are retained and paid to the state budget. The incentive system is considered as a second direct reward system after the payroll, because on the one hand the sums involved can be comparable to basic salaries and on the other hand the overall performance of the unit is more directly related to incentives than base salaries. Employee incentive system is structured on three levels: individual stimulation, group stimulation and organizational stimulation.

Individual incentives make a direct connection between the performance of each employee and the reward obtained, materialized by raw material correlated with the results obtained. Group incentives - due to the fact that the individual can not always show their ability to achieve the team's performance, which is part of the additional rewarding of the negotiation teams. Incentive at the organization level includes all employees, in relation to the financial results obtained by the organization. The main ways to stimulate the entire staff employed are: distribution of income during the year; distributing a portion of profit at the end of the year; the possibility to buy shares from other banks or to receive loans for individuals with certain special facilities from the bank. By becoming a shareholder in the bank they work on, the employee is more interested in their results, increasing engagement, loyalty and individual performance.

4. MANAGEMENT OF TRAINING AND PROFESSIONAL PERFECTION

The professional training of the staff actually accomplishes the training of each person for the chosen profession or profession, using various methods and forms available to the society for the acquisition of basic, technical, general and specialized scientific knowledge for the formation of work skills. Training is organized to build a strong link between the learning process and the work process, acting for it in two main directions:

1) Ensuring each person with a high volume of knowledge in multiple fields and mainly in the chosen profession;

2) training of practical work skills.

The first direction is achieved through the school aiming at ensuring future specialists with a consistent set of basic scientific knowledge, general and specialized technical knowledge. The second direction, the formation of work habits, is achieved through the productive practice hours within the company. In close connection with the training activity, the personnel training is also carried out by means of which the employees of the company enrich themselves, on the basis of the attendance of programs specially organized by the enterprise, the knowledge, the methods, the skills, the skills and the behaviors in areas where they already have a qualification in order to achieve their objectives and tasks at a higher level. The training activity is organized separately on training levels and specialties, taking into account the needs of the company, the basic qualification of the workers, the requirements of the positions they occupy and their prospects of promotion. Programs for improving the professional training of workers in enterprises and institutions are carried out without removing the workers from the workplace.

The activity of training and improvement of the personnel is realized by:
~ medium or higher specialty studies - staff can enroll for completing studies at certain economical high schools with forms of evening education (or with reduced frequency) facilitating a single exchange for the student in order to attend courses;
~ Occupational qualification - It is done through regular instructions held by either the department manager or another experienced person;
~ specialization courses at the Romanian Banking Institute.

In the following we will insist on the specialization courses that can be done at the Romanian Banking Institute. The program of the professional training and specialization courses offered by the Center for Banking and Banking Specialization (C.F.S.B) addresses a pressing issue of current development for the development of the Romanian banking community. Courses structured on three levels (base, medium, advanced) depending on the learner's level of knowledge, aiming at achieving homogeneous groups. Of course, this goal also depends on how the participants are selected and nominated to the human resources departments / departments within the commercial banks. The courses organized by C.F.S.B, endorsed by the Ministry of Education, are based on interactive teaching methods, with practical applications involving group debates, case studies and exercises. Some themes include video themes and computer simulations. In general, a wide range of audio-visual means (flipchart, video and audio tapes, multimedia facilities, etc.) are used.

5. CONCLUSIONS

The final decision for hiring a candidate is taken by the hierarchical officer of the vacancy. Criteria for staff hiring: school education - diplomas obtained, professional experience, previously occupied posts and causes of departures.

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