TRENDS IN THE MANAGEMENT OF HUMAN RESOURCES AND THE FINANCIAL SECTOR

OTAKAR NĚMEC, MILAN KOLÁŘ

Abstract

This paper discusses important change processes that accompany human resource management and have specific implications in the financial area. No sector today is immune to demographic change, technological progress and globalization. There are trends in how economic prosperity, information technology, demographic change, and overall social changes affect the management of people in the financial and banking sectors.

Abstrakt

Tento příspěvek pojednává o důležitých procesech změn, které doprovázejí řízení lidských zdrojů a mají konkrétní důsledky ve finanční oblasti. Žádný sektor dnes není imunní vůči demografickým změnám, technologickému pokroku a globalizaci. Existují trendy, jak ekonomická prosperita, informační technologie, demografické změny a celkové sociální změny ovlivňují řízení lidí ve finančním a bankovním sektoru.

Keywords

Financial sector, banking sector, human resources management, information technology, code of ethics

Klíčová slova

Finanční sektor, bankovní sektor, řízení lidských zdrojů, informační technologie, etický kodex

Jel Classification

M54, G210

Introduction

After the economic crisis, a generally positive outlook for the future over the five to ten year horizon prevails. In practice, this means that the financial sector should be prepared to address growing demand and new opportunities. We can expect strong competition, a typical feature in the management of people, the fight for talent, employees with growth potential. Current business leadership feels a positive atmosphere about economic growth and they ask questions about where and how it will happen. This optimistic outlook, along with the structural impacts of existing trends, means that organizations can not simply apply the same processes and principles that have worked in the past. Human resources management, of course, is no exception. E.g. the above-mentioned talent management will need to be more sophisticated and will have to put new ideas into its practices.

1. Current trends in the Banking and Financial Sector

1.1. Information technology

There is no escaping advance of technology. This affects the financial sector in many areas; There are too many areas to be covered here. The Internet and social media have a huge impact on the way many organizations work with their clients. More complex tasks take longer, but it is not unusual for the automation to replace some of the lower value operations. Expanding technology opens up the potential for access and exploration of a huge amount of data. [3]

Intelligent analysis of these data can support informed forecasting, adaptation and portfolio customization. However, the existence of such data is both a threat and a promise because it can be unsafe to access by unauthorized parties. Cyber security is immense for the entire industry and requires a new set of skills and competencies (linked to employee training in the sector). With the growing use of the Internet, the world is still declining and this means that it is easier for new entrants to compete. As communication becomes more remote, organizations need to consider how they can differentiate and maintain their clients, employees and candidates involved. Recent survey of candidate experience has shown that employers risk losing candidates from the selection process unless personal contact is made. [3]

1.2. Demographic changes

Demographic changes, such as population aging, affect the demand for financial services and consequently the skills or competencies needed to succeed in the market. As in all sectors, the banking and financial industries will begin to look for a generation Z in gaining a workforce, which means four generations will work in the workplace. Managers will need to be equipped to understand how to facilitate harmonious relationships between these groups. In addition, they will have to know how to manage younger generations whose motives and values may differ from their older colleagues. In particular, their planned time limit for staying in a company may be very different from that of older employees. Another interesting demographic change was influenced by the way technology allows people to work and collaborate from afar. This means that virtual teams can run, rent and train people from all over the world and choose the skills they need on the international scene. This adds to the multicultural component of the dynamic dynamics of the multinational and multigeneration labor force. [3]

1.3. Social influences

Unlike previous trends, banking and financial sector is less common than in other sectors. Due to recent developments, confidence in the sector has declined sharply. People become more skeptical about banking and financial companies. It is important for businesses in this industry to build confidence if they are to attract and retain new clients and talents. In this respect, compliance is essential and companies in this industry are working hard to comply with all new regulations. Integrity, Customer Focus, and Risk Management are examples of values that are often given priority in branding, communications, and internal processes of organizations that work in the industry today. Explaining this behavior is key, and the choice of executives, managers and employees demonstrating them will be the basis for the industry's success. [3]

2. Recruitment and selection of employees in financial institutions

Financial sector is facing huge and devastating shocks. Insurance, Asset Management and Banking and Capital Markets can not afford to be satisfied in the face of so many changes. But these changes also open up significant opportunities for revitalizing growth and re-engaging with customers, employees and companies as a whole. Introducing effective human practices is one of the keys to achieving this goal. Survival and success in this new market requires people who are creative, digitally capable, and can quickly adapt to constant change. Searching for new opportunities and the changing nature of financial services organizations also requires that people with cultural outlook work in fast-growing markets and lead more diverse and more generational organizations. And while business faces all of these new and growing requirements, a well-known lack of talent, from insurance actuarial services to operational risk and compliance in banking, it has not disappeared. CEOs of financial services are most concerned about potential threats and lack of skills availability (70%) and speed of technological change (70%), cyber threats (69%) reveal PwC report. [6] In addition to immediate economic uncertainty, financial services face the disruptive impact of new technologies, regulation, changing customer expectations and competition.

3. Education and training in the financial and banking sector

Key competencies and skills of a financial sector worker are good analytical skills, good team skills, strong communication skills (lots of work is focused on the client and a lot of business probably involves the creation of new clients) business experience, fair knowledge of financial markets and banking. [5]

In this rapidly changing world of technology, banking and financial organizations have a continuous need to educate and develop their employees in new processes, financial instruments, technologies, soft skills, etc. Although most of them rely on instructor-led training, eLearning has become a key part of overall provision Training. This trend is gradually expanding to mLearning. In addition to this transition, there is a clear shift towards evaluating innovative learning strategies to improve the effectiveness of training. [2]

3.1. Types of education and training required in the financial and banking sector

Compliance training. Both banking and financial services organizations have to respect a number of regulators (national and international) and have to be trained in how to comply with them. Employees also have to comply with the organization-specific code of conduct.

Process training. It involves training a variety of bank resolution processes or specific financial services.

Application software training.

Financial software applications are the basis for both banking and financial services, and employees need to be trained in these applications.

Sales training.

This would include both product training and solutions.

Soft skills training.

In this sector, soft skills training is very important because the general public is their direct client. Representatives should not only be equipped with the right knowledge of the product but should also be able to properly discuss with customers. In addition to product knowledge, they should have an excellent phone label that includes listening skills, conversation, enthusiasm, energy, and so on. [2]

Most banking and financial services organizations tend to choose the traditional approaches that offer education. Nevertheless, with the changing demographic situation of pupils (including a significant number of Y, (Z) generations), these organizations have to take into account different learning strategies. (Tablets and smartphones). While the information security aspects are key to these organizations, today technology effectively supports deployment management in the "mLearning" system without jeopardizing this key aspect. Move forward and more organizations will support Bring your Own Device (BYOD) in a safe environment that has led to significant needs in this area. It includes a learning strategy focused on: Gammification, storytelling (linear storytelling), story-based learning (narrative scenarios), narrative discussions and discussion of dynamics from different perspectives, the whole story based on Q & A, a case study / Main scenarios representing real world situations and examples, including accompanying exploration and active learning, scenario-based teaching (SBL) representing multiple paths, examples and non-examples, branching and simulation scenarios. [2]

4. Compliance with the ethical code in the financial and banking sector

Although there are different definitions, the Code of Conduct generally refers to a set of conduct rules that employees should observe to ensure that company values are reflected in all business negotiations. The company's ethical code promotes honest and ethical behavior - especially in cases of conflict of interest. Good management of the company aims to gain the trust of shareholders and clients. According to experts, most codes of ethics for banks are not regulated by governments, but are voluntarily accepted. Ethical codes are usually considered as areas of self-regulation decided by banks within banking associations. There are few countries with a mandatory corporate governance framework. For example, India is a country where the stock market actually requires listed companies - including banks - to adopt a code of ethics. [1]

What are the general reasons for complying with the Code of Ethics in the financial sector? These are economic reasons, strengthening employee loyalty, strengthening the image of the institution and increasing customer satisfaction. [4]

Among the economic reasons put forward to justify that the introduction of ethical conduct is beneficial is in particular the reduction of transaction costs. Transaction costs can be considered as costs associated with the operation of the economic system, such as the cost of court litigation and general enforcement of agreed contracts and the cost of control mechanisms, etc. In an environment that is not very ethical, these may Costs high.

Another strong reason for promoting ethical behavior is that it strengthens employee loyalty. Ethical behavior (eg through the introduction of ethical codes) cultivates a positive organizational culture that strengthens long-term good relations between the employer and its employees and increases the employees' trust in the organization - and their loyalty. On the contrary, in an organization where the unfavorable social climate (where frequent conflicts, information asymmetries, etc.) leads to inefficiencies and degradation of quality, as well as to employees' dissatisfaction.

The advantage of promoting ethics in the banking sphere is also that it strengthens the image of the bank. By making the bank transparent and providing sufficient information (eg through the Code of Conduct), it will reduce room for unethical behavior. And just ethical behavior can improve the public's view of the bank to gain a competitive advantage for it.

At the same time, it also serves to enhance customer satisfaction. Organizations that have ethical foundations do not have to worry about customer boycotts associated with growing awareness of customers in different spheres of ethical conduct. The references brought by satisfied customers and highly motivated and loyal employees are important.

Conclusion

Human resources management in today's financial and banking world reflects the general changes that are mainly related to the emergence of information and communication technologies but on the other hand it has its own specifics. From the point of view of implementation of individual personnel processes, modern methods of recruitment and selection of employees, which differ from traditionally used methods, are applied here. These are mainly the use of job portals, social networks, modern methods of headhunting. Employee training relies heavily on e-learning methods that are linked to other previously unknown methods such as m-learning, gamification, activation methods according to certain scenarios, etc. Significant demographic changes important in this regard as it will be in the productive age the so-called generation Z, which has already grown in the environment of modern digital technologies. These factors are a challenge for management because it will have to motivate these young employees with certain tools and at the same time will have to secure the functioning of employees of different generations employed in the financial institutions. Significant specificities of the financial sector include increased attention to ethical principles.

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Contact

Doc. Ing. Otakar Němec, CSc. Associate professor
University of Finance and Administration in Prague, Faculty of Economic Studies,
Estonská 500,
10100 Praha 10

Czech republic
email: nemeco2@gmail.com

Ing. Milan Kolář, MBA, External doctoral student
University of Economics, Prague, Faculty of Business Administration,
Nám.WinstonaChurchilla 4,
13067 Praha 3
Czech republic
Email: mko.coblen@gmail.com