THE IMPORTANCE OF HUMAN CAPITAL IN BANKING

Daniela HARANGUS
„TIBISCUS" UNIVERSITY OF TIMIŞOARA, FACULTY OF ECONOMICS

Abstract:
The development of European bank culture and civilization led to new dimensions in the approach of bank performance. The main ingredient for making profit in a bank is human resources. For the evaluation of banking performance one must take into consideration the human qualities and professionalism proven by the bank employees. The client pays attention not only to the bank product or service quality, offered by the bank, but also to the way the bank addresses itself to the client. The client must feel secure and trust the bank which he or she chose for his/ her business. Also the work environment, friendship and collaboration between the bank employees reflect positively in the bank- client relationship. The effects of raw market economies through which developing countries pass have placed their mark on the bank human resources management. Beyond performance, banks must be interested in training bankers that are highly professional and diplomatic, and most of all credible for a more and more sophisticated clientele.

Key words: *human capital, banking, performance, bank management of human resources.*

JEL classification: G21

In order to face the challenges of competition in global economy, banks must focus on human capital. The human resource in a bank is the one that produces most profit.

Human capital contributes to obtaining performance and developing bank activities. Beyond performance banks must be interested in training bankers of maximum diplomacy and professionalism, and credibility for a more and more sophisticated clientele. In what the relationship with the bank clientele is regarded, the banks oriented themselves towards the re-dimensioning of the relations with customers, namely personalizing relations with them, the different approach of traditional and sophisticated clients and the diversity of bank products and services for the customers. For the bank management, the client is nowadays treated as a business partner. The client must have a feeling of safety and trust in the bank he has chosen for his business. The client is informed not only about the quality of products and services the bank has to offer, but also about the way to contact the bank personnel and is informed on its credibility.

In what the relation with their own personnel is concerned, there is a new tendency in bank management. This regards both the personal qualities of the bank manager, the moral values he has to take into account while managing the bank, and the work environment within the bank.

A manager who doesn't take into consideration moral values (ethics, politeness, decency in his behavior and addressing, the spirit of truth, etc), but only business performance, finally comes to the slowing down of the achievement rhythm, conflicts and dissatisfaction within the team. For this reason, a special attention is given to the selection of bank personnel and the instruction and development of the personnel within bank management.

In the banking field there is no prolonged time to wait for performance to occur, because for banks short- term performance is essential. At present the sacrificing of performance indicators for future average- term and long- term objectives may create special difficulties for the bank, eventually affecting their image and credibility, and also their relations with business partners. For this reason, personnel policies promoted by the bank are the key to the success of the bank.

For performance in their activity banks must pay special attention to the human capital and promote:

- productivity, through people;
- the tradition of treating each individual with respect and consideration;
- the proper motivation according to the type and importance of labor for the personnel in the bank.

Focusing on people encourages their attachment to their activities and requires an innovative spirit. In this respect, the Japanese model, extremely different from the rest of the world, is a clear one. A Japanese manager, show that the only Japanese natural resource is the people's hard work.

To regard people, the human resource, as a natural resource, is the key to the entire Japanese corporate ethos.

The extraordinary Japanese performances are due to the special attention paid to human capital. Generally, by their nature, people are less interested in working for a company lacking "social conscience".

In the banking system, the human capital and the moral or ethical values stand above all. Placing the bank employees in the human resource category, next to the capital, the technology, the know-how, etc, implies a management based on strict economic criteria. But from an ethical point of view people cannot be treated as simple means or resources.

From this perspective, the recent technology delivered by the new progressive trend in approaching the problems and status of employees, may be translated as follows:

The significance of the new technology

Table 1

Rhetoric	Reality
New working patterns	Part- time jobs instead of full- time jobs
Flexibility	Management structures may do as they please
Empowerment	Passing risks and responsibility to others
Training and development	Manipulation
Recognizing the contribution of the individual	Subminating the union and collective negotiations
Team working	Restraining the judgment and decision capacity of the individual

The human capital in a bank must be treated as human values and not just pieces of an impersonal economic tool.

The development of bank culture and civilization imposed new dimensions in the approach of bank personnel, their moral and ethical qualities.

Beyond performance, banks must be interested in training very professional and diplomatic bankers, who are trustworthy in the eyes of a more and more sophisticated clientele. This clientele is becoming increasingly mature as days pass by, and will have higher and higher demands in what the quality of the required bank services are concerned.

In the banking area, as well as in other domains, the human capital is one of the elements which may influence the rhythm, evolution directions, quality and activity development in that certain bank.

In Romania the banking system had a spectacular development after 1990. The transition from the one-tire banking system to the two-tire banking system led to the new performance criteria for Romanian banks. This fact was also due to the penetration of some foreign banks, bringing with them new performance criteria, on the Romanian market.

The difficult crises situations with which some Romanian banks were confronted during the period of transition to the market economy were also due to the poor training of the bank personnel, especially bank managers.

The major difficulties in the activity of some banks is choosing the bank managers, especially in the bank branches, according to political or client criteria or for group interests (different from those of shareholders).

Also, the managers of commercial banks were confronted with:

- the new risks and challenges to which banking activities were submitted;
- the liberalization of the financial flow;
- the diversification of activities, products and services that banks offer to customers;
- the intensification of competition because of foreign banks in the Romanian market, foreign banks that addressed new criteria of performance;
- the demands and requirements of a growing and more sophisticated clientele.

In the banking areas, the development of activities is conditioned both by the quality and the level of human capital training. Besides the Romanian labor market in the banking area was always poor, and the lack of experience in bank recruitment policies led to negative results in their activity.

The impact that human capital has on the activity of a bank may be regarded under two aspects:

- selecting bank managers and respectively the criteria, particularities and conditions they must meet;
- the personnel policy promoted by the bank in what recruitment, organization, training, perfecting and material involvement of bank employees are concerned.

In the Romanian bank practice of the last years a new aspect regarding the bank management attitude towards it employees emerged. This led to a great personnel fluctuation, especially the young and inexperienced one. If we trust the fact that a banking specialist is trained in a pretty long period of time, we may appreciate the special importance we must attribute to the human capital. Selecting bank managers has an impact on the bank evolution within the system, the banking system stability, and also upon satisfying the interests of its shareholders.

The effects of the wild market economy through which Romania is passing at the time put its mark on the management of human resources in Romanian banks. But the situation of the bank employee is not generated only by the mechanisms of the market economy, but also by the results of some controversial management decisions, that are sometimes incompetent and ill- mannered.

The quality of bank management is firstly reflected upon the environment and work conditions within the bank, but also upon the bank customers and ultimately upon the entire bank activity.

Bank management must take into account not only the business performance, but also the moral values, meaning: honesty, ethics, kindness, decency in behavior and manner of speech, the spirit of truth, etc. the consequences of a poor bank management, that does not take into consideration moral values, but only performance, may be:

- feeding egos within the work team;
- active and passive aggressivenessin the relationships between team members;

- subjectivity, both in appointing tasks, and in the appreciation of employee achievement;
- conflicts and dissatisfaction within the team;
- slowing down the pace of achievement, etc.

All these are felt and perceived by the bank clients. Meny clients are satisfied with the products the bank has to offer, but are not satisfied with the bank environment, the fact that they have to queue up, are to go from one window to the other, receive incomplete information which cannot help them decide or establish their options.

Banks, being first in the race for profit, must not forget that, in their money commerce, the client is the most important.

Also, in banks, the human resource management must be focused on the respect for the employee, the enforcement of moral and ethical principles.

Counseling and motivation for bank employees so that they have a complete availability for the bank up to the limit of biological tolerance, is a trap. Such an employee is permanently exhausted, stressed, tired and ultimately inefficient.

More than that, in the bank practice the methods of impoverishing the employee by the bank, his or her permanent threatening with the prospect of firing, limiting his/ her creativity and liberty of thinking and analyzing the work to be done in the bank were established.

All these situations that are present in banks are also due to the fact that the evaluation of bank personnel performance was based on results and profit and less on personal characteristics and the behavior of the bank manager.

The price banks pay for prosperity is too high, and the results will not be delayed. They will be harshly punished by the bank customers, who become more and more mature as days pass by, and will have higher and higher demands regarding the quality and professionalism of bank services required.

The Romanian banking system, which functions according to the rules of market economy, must have in view that investments in human capital is the most profitable investment.

In banks, human capital is the one that assures the development of banking activities, bringing the bank performance and prestige.

BIBLIOGRAPHY

1. Craciun, D., 2005, Ethics in business, ASE Publishing House, Bucharest;
2. Lindgreen, A., Antioco, M., 2005, Customer relationship management: the case of an European bank, in Marketing Intelligence & Planning Journal, vol. 23, no. 2/2005, pp. 136-154;
3. Matthews, K., Thompson, J., 2008, The economics of banking, Second Edition, John Wiley & Sons. LTD Publishing House, England, pp. 209 – 243.