

# INFLUENCE OF THE INFORMATIZATION ON THE LEVEL OF EMPLOYMENT IN BANKS ON THE EXAMPLE OF POLAND

RENATA STASIAK - BETLEJEWSKA – STANISŁAW BORKOWSKI

## Abstract

Changes, which took place on the bank market in Poland in the sequence of a few last years, not only influenced the staffing level, but also changed the approach of banks towards workers. One of factors, which influenced changes described in this article, there is a computerization of the bank sector. In the article, research findings of workers concerning employing the level and the productivity of banks were presented in Poland.

**Key words:** information technology, reduction of costs and employment, effectiveness, motivation.

**Classification JEL:** M12 Personnel Management

## 1. Introduction

The development of banks in Poland was set by a lot of years to the height of capital, the balance sum and the share in the market. In the second half of the nineties, a lot of banks developed its network of operation institutions, being driven mainly by desire for reaching to the wide circle of potential clients, taking control of new markets or increasing the participation in the market. The number of bank institutions even was perceived as the source of the competitive majority. In years 1998 – 2002, the number of institutions increased 2002 oneself over sixfold [4]. Saturating the bank market with services and increasing the competition forced banks to the change of strategy of proceedings.

Outside developing activity in direction of offering innovative bank services, banks concentrated their attention on the pricing side of their activity. The main reason of it there were incomes tailing off in the relation to costs, being connected above all with keeping the bank infrastructure. As part of the optimization of costs of activity analysis was one of action taken by banks profitabilities of units, what the number of bank institutions was reduced, as a result of organizational, consisting among others in the change of the profile of action of institutions paradigm shifts were implemented as well as a process of the service of customers was modernized. As a result of it the development of the network of institutions stopped demonstrating the growth tendency, however making interested customers in electronic channels grew which using is binding oneself with determined lower costs. Moreover, for changes at banks a consolidation of the bank sector also had the influence (how it took place in the case of connecting of Bank Zachodni WBK S.A.). Boards of directors of these banks noticed the possibility of the achievement, the thanks for WBK connecting the bank BZ S.A., considerable reductions in costs. These frugalities, taken hold as the per cent of total predicted base costs for the year with 2000, they determined in giving an approximation of the 4.6 % in 2001, the 13.9 % in 2002 and of the 17.3 % in 2003 [9]. Ensuing in this way organizational structures made impossible the intense development of the bank offer, mainly because of the low transparency and the lack of integration guaranteeing the efficient effect of operation individuals. Moreover, the analysis in the last years proved bank units to the profitability that holding the thick network of bank institutions causes a higher estimate, because banks have to pay for the renting out of apartments and they are incurring workers' costs.

Above observations induced banks to the streamlining networks of institutions. Still, in 2000 in PKO BP 700 new institutions which are characteristic as little points came into existence but in turn richly equipped with modern technologies. The transition from an old model to standards of the modern banking contributed to coming into existence in PKO BP of many problems of the organizational, technological and social nature [6]. PKO BP survived cyclical reorganizations – having begun from allotting to the National Bank of Poland its structures, by the reform in 1991 or also starting 13 regions in 1994 (that is 13 quasi – local banks – of centers of the profit, distinguishing themselves with determined self-reliance). With respect to the state for the end of 2004 number of institutions with the whole underwent reducing about 15 [8]. The year 2005 in the structure was not only a period of more further quality transformations PKO BP S.A., but also of different banks.

## 2. Organizational changes at banks

Qualitative changes, which resulted from the aspiration of banks to lowering costs, were connected not only with a modernization of traditional channels of distribution of bank products and leading of new channels, but also with changes of the relation in the organizational structure of the bank, that is among operation institutions and the head office as the superior individual. These changes consisted mainly in the reduction in workers on the level of the unit and the increase in the significance of the head office. The bank unit concentrated its attention on the completion of action, which are tying itself with holding the contact with the client, however the head office of the bank is taking over functions, carried out so far by units, so as: marketing, the legal service, the personnel politics. It is finding expression in philosophy of action of new bank institutions, which are set to the service of the client as well as in the course of new channels of distribution, which are limiting the contact of clients with the bank and they are concentrating on the accomplishment of the transaction. For this way chosen knowledge a standardization is typical elements in functioning of the institution, the reduction in the level of employing the branch of a bank on the level hence the increase in the effectiveness of employed workers. For the worker on the level of units consultancies and a sale are performing the role of the consultants involved in the process what is finding expression in philosophy of the service of the clients. It is connected with it, among others, assigning right persons to appropriate institutions in the right time what is being transferred for shortening the time of service of the client, on average around 15 till 3 minutes [4]. So the centralization and the automation enabled the operation, making business functions division of the organizational structure of the bank into the sector and the back which is acting as the support. Substitutions made in frames of the organizational structure of banks retail marking off sectors of the sale, client departments offering the comprehensive offer for the determined group of clients, appointing the sale by managers and taking over predict through the head office of banks of the activity from the scope *back – office*.

Networks described above the change in the organization of operation institutions led for educating new informatics-technological architecture of bank. It is possible here to single out two directions of creating the network of institutions. First concerns banks, which have the developed network of institutions, what results from their tradition of functioning on the market, as for example PKO BP S.A., which outside units and the head office also has regions which units are supporting. The new PKO BP structure predicts the current network widened against the modernized net of the agency and cash machines. Next the other direction is connected with forming institutions employing a few workers *front – office*, set to the service of the client. Units are serving here as the operation centre (for example a Stereo network in ING BSK S.A., Citibank, the Millennium).

### 3. The reduction of employment

Organizational changes, about which the speech was already, also caused the reduction in employing bank workers. The greatest employment in banks was made a note in 1999, according to National Bank of Poland data, 174.7 thousand. From this number 149.6 thousand was employed at commercial banks, and only 25 thousand – at cooperative banks. In consecutive years getting a job in commercial banks was reduced by a few thousand annually (table 1). There were two reasons of these reductions: fusing of banks and them informatization. Apart from that, in years 2002 in the connection with economic slowing down banks released 2003 of workers in order to lower costs of action. In years 1999 – 2004 was released altogether the 18% of workers of commercial banks i.e. almost 28 thousand persons. In 2000 and 2001 year from the bank sector was gone altogether for 11 thousand persons, in 2002: 7 thousand, and in 2003: 7.8 thousand. In 2004: 2 thousand persons were laid off and reductions clearly curbed, what formed partly with laborious preparing of banks to enforce international standards bookkeepings.

Table 1. Number of workers and units of banks

	Commercial banks	
	Employment*	Number of units of banks
XII 2000	144 237	11 470
XII 2001	138 822	10 721
XII 2002	131 878	9 965
XII 2003	124 094	9 162
XII 2004	123 513	8 097

Source: Own study based on: Sytuacja finansowa banków w okresie styczeń – wrzesień 2004 r., Synteza NBP, GINB, Warszawa 2004, p. 27.

In 2003 Bank Wschodni, Bank Częstochowa and LG PetroBank were taken over appropriately by Bank Spółem, BRE the Bank and Bank Nordea Poland. In 2004 BankGesellschaft was put into liquidation Poland, Bank Przemysłowy integrated Berlin oneself from Getin Bank but GE Bank Mieszkaniowy – integrated with GE Capital Bank. In BZ WBK, from 9.1 thousand of workers in 2002 it was an only 7.1 thousand left in 2004. Bank Handlowy, after the connection with Citibank, reduced the number of workers of the around 6 thousand to 4.8 thousand [4].

Reductions in the employment a consequence of the consolidation of the sector and aspirations to lowering costs are not only natural, but also partly – and can above all – effect of implementing centralized systems and systems of the home banking. In technologically advanced banks, the staffing level differs much from the level at different banks of which the still developed network of institutions is characteristic. For example, an employment in the Sector of the Retail BRE Banking of the Bank, that is in projects of the mBank and MultiBanku, dated back in 2003 to the year close 800 persons. At the mBank employed there were about 40 persons directly. Every unit of MultiBanku counted 30. Rest of workers, is employed in the central heating *back office* and *call centres*. Meanwhile, in PKO BP plc, in the same period employed was an about 36.5 thousand of persons. In 2004, according to data of the General Inspectorate of the Bank Supervision, fall in the number place of employment at commercial banks was smaller than in previous years. For comparison, the number of jobs in 2003 fell by the 6 %, whereas in 2004? by the 0.4 %. At a few banks the employment grew (among others EuroBank, Raiffeisen Bank, GE Capital Bank and AIG Bank Poland), what was caused mainly with aspiration to expanding activity. According to the straight majority

of bank officials, in the sequence of two most recent years the number of places of employment in the entire bank sector will reduce much (54 %) or a little bit (34 %). A 8.5 % is expecting holding the present number of workstations, but of increasing the 3.5%. One should think also above the fact whether the reduction in the employment is profitable for the bank. So the reduction in employing certainly let the work in cases of many banks for lowering costs (e.g. ING BSK, PKO BP), but the pace and the scale of action of this type must be adapted for the strategy of the bank. Here however the reduction in costs of the work is stretching over a long period of time.

With the widely accepted strategy of action modernizing the operating scope of the bank an ING BSK strategy, realized in years is an example of tying action together in the scope of the reduction in costs 2001 – 2003. Having conceived the ING BSK bank year from 2001 ran the close cost control, focusing above all on the streamlining of operating costs. As part of economical action, the bank renegotiated tenancy agreements, he closed unprofitable institutions down, he linked Regions, he reorganized departments and he implemented modern operating systems. As a result of these operations, in 2002 ING BSK S.A. avoided of rise in costs in spite of the increase in the scale of the operation. At the beginning of 2003, the bank continued aiming action for the streamlining of costs. However, the first months of 2003 showed that adverse macroeconomic phenomena had more permanent than originally they predicted character. In this situation, ING BSK bank was forced by the plc to make a decision about structural reducing of costs, i.e. for adapting the level of costs for the size of incomes. The pricing restructuring spread through basic areas of action of the bank. Still, in April of 2003 ING BSK made a decision about the 10 % of the reduction in costs employments, carried out, built in May means of employing the reduction and the June of 2003. Essentially, into employing 2003 in ING BSK fell against 823 persons.

#### 4. Effectiveness of the staff of banks

Conception of development of activity of retail banks, based on the development of applying of computer, backed up with strategic purposes, is leading workers of the bank also to deprogramming from office workers into sellers. Conception of development of activity of retail banks, based on the development of applying of computer, backed up with strategic purposes, is leading workers of the bank also to deprogramming from office workers into sellers. A level of the sale depends on competence of workers of banks and their culture of the service of services at individual institutions. Table 2 contains results of the assessment of competence and employing the staff in institutions of banks: ING BSK S.A., PKO BP S.A. and BZ WBK S.A. on the land of Czestochowa.

*Table 2. Assessment of competence and employing the bank staff*

	<b>ING BSK</b>	<b>PKO BP</b>	<b>BZ WBK</b>
Knowledge connected with offered services	8,36	7,50	8,90
Reacting to proposed problems	7,97	5,40	9,0
Approachability of persons making a decision	8,0	5,0	6,50
Consultancy in the scope of the optimal range of services	9,50	5,0	8,50
Acquaintance of needs of clients	9,0	6,50	8,50

Source: Own source

Respondents judged competence and employing the staff in the scope of the service at using 10 the gradual spot scale, where 10 - denoted the A, and 1 – negative.

On the basis of data get in the process of the examination, it is possible to come to the conclusion, that at PKO BP institutions involving workers in the process of the service is smaller in comparing to the commitment workers of the ING BSK institution or BZ WBK, what an assessment of the reaction to problems proposed by customers can attest to (in PKO BP was the assessment lowest – 7.97). It is addicted, among others, with the size of the institution of the bank as well as the structure of the employment. An also bright division is supporting the personnel of the high quality of tasks and clients serving high competence of workers. In the analyzed scope it obtained the best general note by ING BSK (the arithmetic mean of all assessments amounts 8.56). As for the productivity of workers of banks it was being analyzed through netto falling value of assets and the profit on of one thing employed (table 3 and 4). In the analyzed period, out of examined banks, the highest average level of performance indicators, measured with the size of falling assets on of one worker employed, ING BSK achieved. How does it shows the ranking of banks, in the journal "Bank", in 2003 with the highest indicator of assets to employed banks were characterized with the participation of foreign capital which BRE Bank was also among [2].

Table 3. Size of falling assets on of one thing employed at chosen banks

Name of bank	Size of falling assets on of one thing employed (in thousand of PLN)				
	2000	2001	2002	2003	2004
PKO BP	1 769,5	2 068,9	2 177,5	2 310, 1	2 484,9
Bank Zachodni	1 439,7	2 543,2*	2 592,0	2 831,2	3 684,7
WBK	3 095,9				
ING Bank Śląski	2 622,3	3 359,5	3 568,9	4 333,1	5 040,8
<b>Average of sector</b>	<b>2 521,5</b>	<b>2 842, 8</b>	<b>2 939,7</b>	<b>3 232, 7</b>	<b>3 596,3</b>

\* BZ WBK

Source: Own studiem based on raports included in: „Banki 2000” i „Banki 2001”, Rzeczpospolita z dnia 06.04.2001 oraz 10.06.2002, dodatków „Świat pieniądza. Wyniki instytucji finansowych w 2002 r.”, Rzeczpospolita z 02.06.2003 oraz 03.06.2004 oraz *Sytuacja finansowa banków w okresie styczeń – wrzesień 2003 Synteza.*, NBP, grudzień 2003, *Raport o sytuacji ekonomicznej banków. Banki 2004*, Fundacja Warszawski Instytut Bankowości, ZBP, Warszawa, 2005.

Table 4. Size of the net profit falling on of one thing employed at chosen banks

Name of bank	Size of the net profit falling on of one thing employed (in thousand of PLN)				
	2000	2001	2002	2003	2004
PKO BP	19,3	23,1	27,9	32,6	42,7
Bank Zachodni	- 13,9	15,5*	28,4	14,1	61,7
WBK	50,1				
ING Bank Śląski	19,0	12,5	18,5	4,6	52,7
<b>Average of sector</b>	<b>24,8</b>	<b>25,6</b>	<b>14,7</b>	<b>15,5</b>	<b>48,7</b>

\* BZ WBK

Source: Own studiem based on raports included in: „Banki 2000” i „Banki 2001”, Rzeczpospolita z dn. 06.04.2001 oraz 10.06.2002, dodatków „Świat pieniądza. Wyniki instytucji finansowych w 2002 r.”, Rzeczpospolita z 02.06.2003 oraz 03.06.2004 oraz *Sytuacja finansowa banków w okresie styczeń – wrzesień 2003 r. Synteza.*, NBP, grudzień 2003, *Raport o sytuacji ekonomicznej banków. Banki 2004*, Fundacja Warszawski Instytut Bankowości, ZBP, Warszawa, 2005.

Amongst examined banks, netto in the analyzed period BZ WBK workers worked out the highest average financial result (average of the net profit in the period: 2000 – 2004 amounted to 31.08 thousand PLN to one worker). The fast increase in the effectiveness of the staff was observed at banks with the participation of foreign capital, been characteristic as conducting the active innovative policy, constituting banks aggressive give competitors on the bank market. Moreover, with one of factors which the influence on the effectiveness of the bank staff has there is a had level of the knowledge, the classification and professional abilities of the bank staff (being a result, among others of trainings to which workers were being surrendered particularly in moments of the realization of projects of the computerization of individual bank individuals). In this respect definitely banks were at the forefront: PKO BP and ING BSK (in the year these 10 thousand persons participating in trainings and the like were 2000). The subject matter of trainings was tied mainly with implementing new computer technologies and changes, which is presenting with itself an application of those solutions. Many of trainings were also connected with raising qualifying standards and the direct service of the customer. If for the realization of main purposes of the ING Bank personnel policy, backed up with the intensive in-service training walks, for example in 2003 10.9 thousand of workers participated in all forms of trainings (statistically it means that to every worker of the Bank it fell to 1.6 training and every worker of the Bank spent 3 days on average on trainings).

## 5. Summary

Preparing the staff for using new technologies is integrating himself into the team of action connected with the development of staffs and their competence. At the moment, strongly a pressure on working out training the comprehensive program and improving the staff is being accepted what lets workers identify oneself both with the bank as well as changes in with them taking place. The politics of the employment in banks developing the initiative in the sphere of the retail banking must meet imposed challenges through technological progress taking place in the banking. A computerization is their cause. But machines won't replace people in making a decision and therefore banks in bigger still step will need the qualified staff high. Here motivation which is performing the important part in the development of the wisdom of experts is a crucial factor in peculiar areas of knowledge [1].

## References:

- [1] BLAŠKOVÁ, M.: *Dimensions of motivation programs*. In: Human Resources Management and Ergonomics, 2/2007, p. 5 – 13. ISSN 1337-0871
- [2] GADOMSKI, G.: *Najbardziej efektywni*. In: Bank, 03/2004. ISSN 1230-9125
- [3] JADCZAK, A.: *Ilu klientów na jednego pracownika*. In: Raport Computerworld, 09/2002, ISSN 0867-2334
- [4] KONOWROCKA, D.: *Rewolucja, która zjada swoje dzieci*. In: Raport Computerworld, 18 lipca 2005. ISSN 0867-2334
- [5] KOWALCZYK, A.: *Optymalizacja sieci placówek banków w Polsce*. In: Bank i Kredyt, 08/2004. ISSN 0137 5520, INDEX 352519
- [6] POKOJSKA, M.: *Przekształcanie molocho* In: Bank, 07/1997. ISSN 1230-9125
- [7] STRYCYŃSKI, J. – ZARZYCKI, T.: *Bank ery gospodarki elektronicznej*. In: Bank, 09/2000. ISSN 1230-9125
- [8] *Sprawozdanie Zarządu Banku z działalności Powszechnej Kasy Oszczędności Banku Polskiego Spółki Akcyjnej za 2005 rok*. Załącznik do Uchwały Zarządu nr 78/C/2006. Warszawa, marzec 2006, s. 26
- [9] *Sprawozdanie Zarządu z działalności Banku Zachodniego WBK S.A. w 2001 roku*

- [10] *Examining the level of the quality of bank service of ING BSK, PKO BP and BZ WBK.*  
January 2007, in district of Silesian region.

**Address of authors:**

Mgr. Ing. Renata STASIAK – BETLEJEWSKA  
Department of Management  
Division of Production Engineering  
Częstochowa University of Technology  
ul. Armii Krajowej 19”B”  
42-200 Częstochowa  
Poland  
e-mail: renatastasiak@wp.pl

Prof. dr hab. Ing. Stanisław BORKOWSKI, PhD.  
Department of Management  
Division of Production Engineering  
Częstochowa University of Technology  
ul. Armii Krajowej 19”B”  
42-200 Częstochowa  
Poland  
e-mail: bork@zim.pcz.czyst.pl