

ADJUSTING BANK RECRUITMENT TO THE SPECIFICS OF THE MILLENNIAL GENERATION AS CONDITIONS OF ATTRACTIVENESS DECLINE FOR EMPLOYMENT IN THE BANKING SECTOR

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Abstract

The article discusses the problems of commercial banks related to the deterioration of their image as employers, especially in eyes of the millennial generation, which soon will become the most attractive category for employment in modern business. The main criteria that guide the millennial generation when choosing a future job are identified. A detailed analysis of the strengths and weaknesses of banks as employers has been carried out, and advice for image improvement has been formulated, aimed at the young audiences of potential bank employees. It was proven that banks should build not only an effective PR campaign to create a powerful image of a reliable employer, but at the same time they should establish a reliable system to counteract unfair competition, ultimately aimed at destabilizing financial institutions, which are most sensitive to image problems.

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INTRODUCTION

Today the digital skills that have been accumulated by millennials (or Generation Z), being digital natives, are in high demand for business and banking in particular. Attracting the appropriate age category as prospective employees is a priority for contemporary bank HR departments. To a large degree, the most difficult is not to attract such employees but to retain them. Mainly this situation arose due to the specific features of the new generation, which in detail are examined in the studies of Stein and Martínez (2019) and Stein and Martínez (2016). Based on these studies, these features include:

1) specific attitudes towards personal development, career progress and training –

a) millennials are more concentrated on career and professional development than previous generations, so supervisors should challenge them with ambitious personal goals to facilitate the process of new skills acquisition,

b) the training process should be perfectly clear and focused on practical skills that such employees will develop,

c) a career plan should not only be realistic, but also meet the millennials' desires;

2) values and motivation changes –

a) material incentives usually mean less to millennials than for previous generations – millennials want to feel that they are doing something special, retaining such employees by material motivation only is no longer effective;

b) millennials are mostly interested in themselves, the size of the team they are working in is not important to them, their role on the team is most important;

c) physical presence of the employee in the office could be reduced nowadays, and millennials are well aware that the most important is what the employee brings to the company, not the hours spent.

As further complication of this problem, the declining attractiveness of banking sector employment in Ukraine should be described. This indirectly leads to a significant decrease in interest in relevant specializations at higher education institutions (see: Ognevyyuk, 2016) and to a possible slowdown in the process of creating a modern business infrastructure. It should be noted that this tendency is completely opposite to the prevailing trends

in the labor market of Ukraine in the 1990s and the first decade of this century, when employment in a bank was perceived as very prestigious, the basis for ensuring a high wealth status, financial prosperity and independence. There are several reasons for such a radical change of attitude. Of course, one of the most important reasons is the negative “smack” of the financial and economic crisis of 2014-2015 in Ukraine, during which about 90 local banks were found insolvent. That led to a general confidence crisis towards the banking sector (Bandt & Hartmann, 2019). However, there is another quite remarkable problem adding negatively to this situation: in the perception of millennials, who are entering the labor market right now, a strong stereotype was formed that is demonizing employment in the banking sector finding it at least routine since it stipulates rigid standards, a stiff hierarchy, and a total lack of opportunities for rapid development and career progress. That is in direct contradiction to specific features of millennials, as described by Stein (2018) and Stein (2010). Summarizing the foregoing, one can conclude that most banks in Ukraine have a problem with image, which is significantly cutting off the possible intake of young prospective employees.

It should be noted that the problems of forming an employer's image in the labor market are well-studied by researchers all around the world. However, regarding the banking sector, this topic still needs to be elaborated more deeply. Indeed, banks traditionally do care about their image primarily to attract new clients, but usually are quite restrained in communications concerning the most important parameters which potential employees consider when choosing a future job, such as the psychological atmosphere in a team, the opportunities for professional growth and self-realization (self-esteem), management style, internal values and corporate culture (Braillard, 1988). To be exact, some of the listed variables that characterize the company's internal potential are represented in the marketing communications of typical banks. But at the same time this is a kind of “external version” that in most cases is reduced to certain general declarations and the promotion of “socially justifiable” approaches to staffing policies. In such cases, practically the only source of reliable information for potential employees of the bank are believed to be rumors which are distributed either in personal communication or through social networks. Such a situation could be used intensely by unfair competitors. For example, right now in the era of anonymous communications there are so-called Employer

Black Lists which include not only the banks which enjoy almost the greatest authority among social network users in Ukraine. Hence, any, even the most powerful financial organization, can become the victim of unfair competition targeting internal values.

Thus, the problem posed in this study has a broader scope than simply attracting a certain category of future employees as indicated above. Contemporary banks must build not only an effective PR campaign to create a strong image of a reliable employer, but also create a system to counter unfair competition that ultimately is directed towards the destabilization of the financial institution which is most sensitive to problems with image.

PROBLEM FORMULATION

Based on the above, the formation of an attractive positive image of a contemporary bank considering the interests and the specific perception of Generation Z, it is necessary to take the following steps:

- 1) to study the features of the bank's typical corporate culture,
- 2) to study the perception peculiarities of the target group of the bank's potential employees,
- 3) to analyze the current system of values of potential bank employees,
- 4) to explore approaches that are utilized by the bank to create an image as an employer,
- 5) to develop a strategy to increase the attractiveness of the bank as an employer in the Ukrainian labor market.

METHODOLOGY OF RESEARCH

To the above aims, the method of focus groups was used. The authors conducted a sociological survey in which 607 respondents participated. To examine the approaches already used by the bank to create an image as an employer, a classic SWOT analysis was used according to Learned, Christensen, Andrews and Guth (1965). The bank's corporate culture diagnostics were depicted by the method of expert evaluation mainly based on external manifestations, as well as on the analysis of the declared value system and the nature of internal communications in the bank.

MAIN RESULTS OF THE STUDY

As follows from the statement of the problem, the position of the authors is that the main opportunities to improve the image of the bank as an employer is to use the attractive aspects of corporate culture as the basis for external communications aimed at a potential employee in a focus age category (or in any other segment of the labor market). Unfortunately, it is quite difficult to reach the consent of any financial organization's management to conduct direct diagnostics of corporate culture, based on well-known techniques such as Dennison's (Dennison, Cho & Young, 2000) or Cameron-Quinn's (Cameron & Quinn, 2011); therefore, a qualitative assessment of the existing corporate culture based on the classification of Schein (1988) was conducted as being the most appropriate for the given situation. External manifestations of corporate culture allow us to conclude that the corporate culture that has developed in a typical bank can be classified as "family" according to Schein's updated classification (Schein, Schein & Jell, 2018). As for the strength of the corporate culture, it can be estimated as being rather strong.

Let us now turn to the analysis of the results of the sociological study conducted with a focus group, mainly consisting of students from the Alfred Nobel University, Dnipro, Ukraine. The main feature of this survey was the participation of the 2-4-year students from different specializations that belong to the Generation Z, being the target group. The respondents were recruited using the snowball method through communities and groups in the most popular instant messengers (Viber, Telegram, WhatsApp) and social networks (Instagram, Facebook) which students use to communicate. In four days, 607 people answered the questionnaire. In addition, the student-volunteers who assisted in the research held personal talks with selected respondents on values and attitudes towards the financial sector. Thus, given the rather intense communication with the respondents, we can conclude that a full-scale focus group was organized, during which the research tasks were carried out.

The main results of the focus group are as follows:

Strangely enough, representatives of the target audience prefer live, face-to-face communication for communication through social networks (74% of focus group participants declared preferable use of this form). That obviously contradicts the preliminary hypothesis, which gave priority to the contemporary communication

tools;

The social network which is most popular among the target audience is Instagram, which was noted by 86% of the participants in the focus group with a rather surprising second position occupied by Pinterest (14%) and Facebook concluding the top three with a very modest 10%. The survey participants had the opportunity to select several social networks in which they spent the most time. Quite remarkably the focus group representatives massively (54%) consider YouTube a social activity spending plenty of free time there. Another interesting finding of this survey is that some respondents (up to 7% in total) do not distinguish between popular messengers and social networks – the questionnaire provided a free entry field where Telegram and Viber were frequently noted. In the authors’ opinion such an attitude seems to be a consequence of the fact that social networks and messengers are increasingly being used as trading platforms or marketing communication tools, and therefore the focus group does not see the difference between them. The fact that 47% of respondents are looking for information about goods and services in social networks, and 39% focus on consumer reviews which are also posted on social networks, indirectly reflects to this judgment;

Among the instant messengers, Telegram is the obvious leader (81%), then comes Viber (52%) and

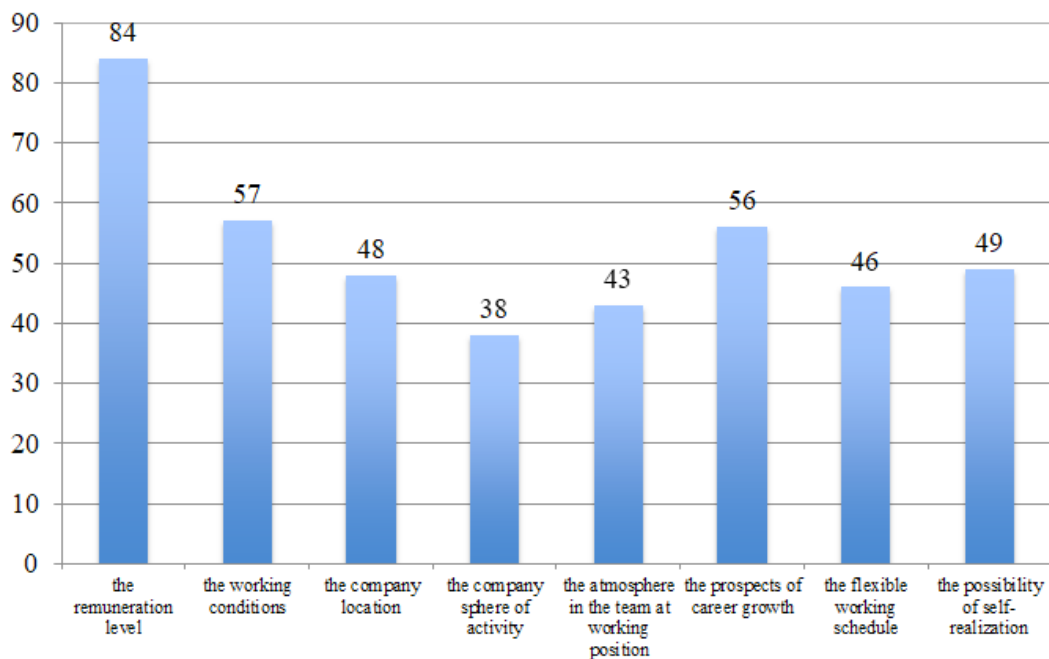
WhatsApp closes the list with 19%; of course, in this case too, the respondents had freedom to make multiple choice of the messengers they use;

An interesting feature of the Z generation, which was unveiled during the research is the way they look for opinion leaders, in this survey – 60% of the focus group participants admitted that opinion leaders are the most popular video bloggers they watch primarily on Instagram and YouTube (presumably that is also one of reasons why the focus group participants attributed YouTube as a social network). It is also interesting to note that the same formal figures were marked by the respondents as being the opinion leaders (for example the student parliament chair of Alfred Nobel University who has also his own personal Instagram channel);

When looking for employment, participants in the focus group are guided by the following considerations (see Figure 1):

- 1) the remuneration level,
- 2) the working conditions,
- 3) the company location,
- 4) the company sphere of activity,
- 5) the atmosphere on the team,
- 6) the prospects of career growth,
- 7) the flexible working schedule,

Figure 1: Job hunting priorities for Generation Z



Source: Focus group data

8) the possibility of self-realization.

61% of respondents indicated a negative attitude concerning possible employment in a bank, among those who would like to share their future with the banking sector, a clear majority of 42% prefer Privatbank (Ukraine's biggest bank), and 20% – Monobank. The latter fact is remarkable, since Monobank is kind of a virtual organization that carries out its commercial activities mainly on the Internet.

Before presenting the results of the SWOT analysis, which was used to study the approaches already used by typical Ukrainian banks to create an image as an employer, it should be noted that over the past two years, the banking sector has begun to recover gradually after the crisis of 2014-15. For example, analysts of the site www.rabota.ua indicate that the number of vacancies provided by the banking sector, which was relatively stable in 2017, in the past year and a half is growing quite actively (see Figure 2, constructed according to this site).

In general, in the banking sector, the greatest interest is shown in the involvement of credit experts and specialists in the sales of financial products, while the most wanted are skills related to information technologies. That is why Generation Z, which was almost literally brought up by information technology, is the target audience for finding new employees for the majority of contemporary

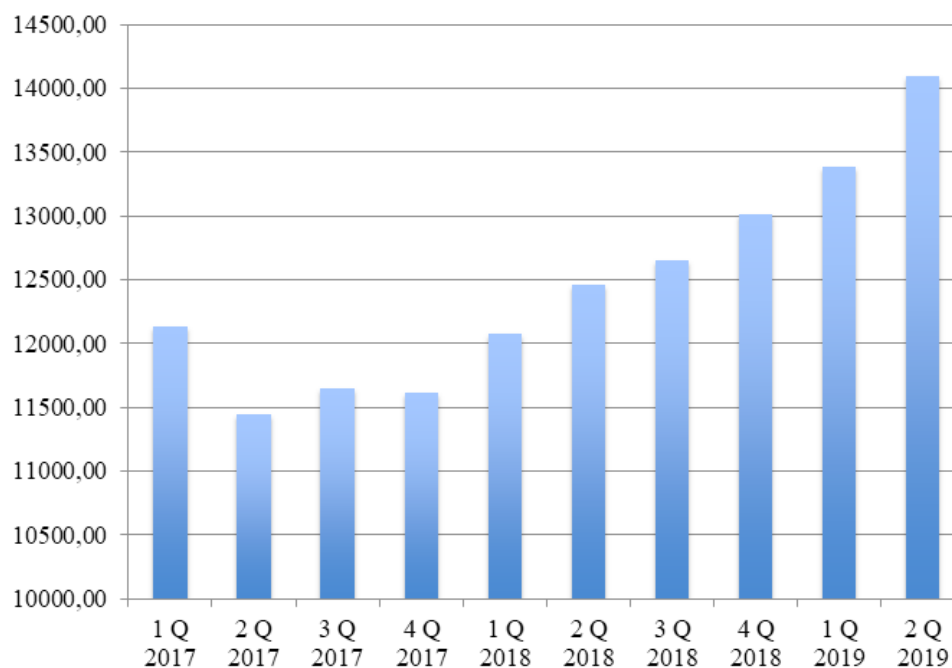
Ukrainian banks.

Let's consider the general dynamics of employment in the banking sector of Ukraine from 2006 till 2018 provided in Figure 3 in relative magnitudes constructed on the basis of official statistics (www.ukrstat.gov.ua). This specific period was taken to include all specifics of two crises in the Ukrainian economy.

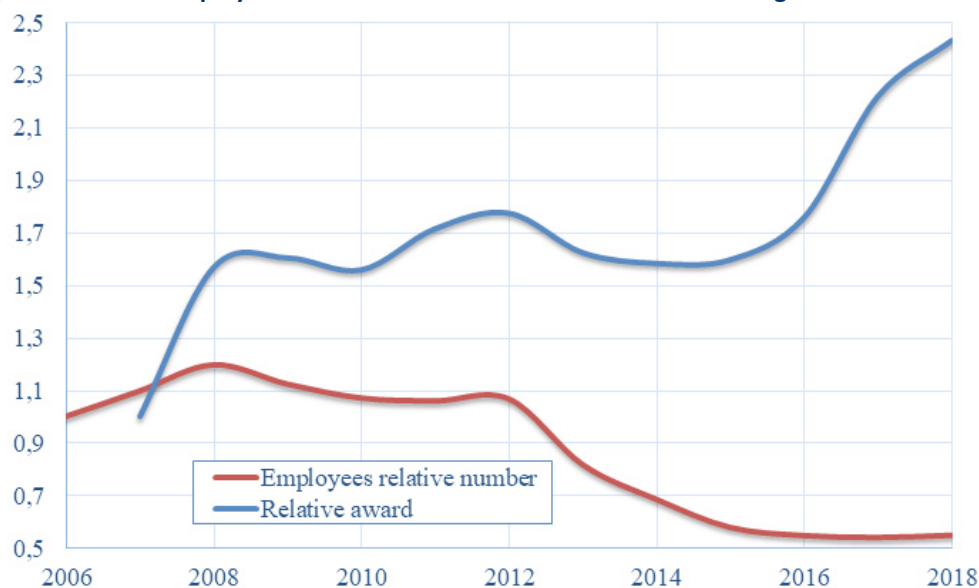
The employment in the banking sector is influenced both by the general trends of the development of the national economy and its own trends associated with the evolution of internal business processes. Such general trends are a reduction in the number of employees in banking caused by two consecutive crises in 2008-9 and 2014-15. At the same time, a noticeable reduction of staff in 2012-13 could be a consequence of improving business processes in the banking sector connected with massive implementation of online technologies. That is indirectly evidenced by the positive dynamics of salaries in the same period. It also should be noted that in 2014-17 a substantial increase in the salaries also occurred with a significant reduction in the number of employees in the background, but in this case, without a doubt, it is a result of the powerful inflationary component.

In 2016-17, there was a kind of turning point in the negative trend of Ukrainian economic development and the number of employees in the banking sector was

Figure 2: Number of new and updated vacancies in the sphere of Banks – Investments – Leasing in 2017-2019 (quarterly)



Source: www.rabota.ua

Figure 3: General employment and salaries trend in the Ukrainian banking sector for 2006-2018

Source: www.ukrstat.gov.ua

growing dynamically, but the overall costs associated with personnel that include not only salaries are deprived of such dynamism. For example, the costs of recruitment, training and labor protection are proportional to the overall staff dynamics and seemingly are not adjusted to inflation. It is quite remarkable since the target audience as it was shown above is quite demanding towards self-realization, development and career prospects provided by employers.

In this context, the study of modern trends in the organization of training and professional development of employees in the banking sector, conducted by the consulting company Ernest & Young (2018, April 18) will be very interesting. According to the results of this study, 79% of the banks provide training opportunities for employees where top and senior management usually undergo external training and middle and lower management are limited mainly to internal training. The most typical length of internal training is 5-6 hours for the middle and senior management and 12 hours for the lower level. Regarding external training as indicated above, it is mostly specific to top and senior management where the reversed trend occurs – senior executives study for more hours than middle and lower managers – 12-13 hours versus 1-4. That obviously could be explained by higher costs spent for such training.

The skills and knowledge that senior executives predominantly acquire during the training process belong to such areas as facilitation, leadership, system

thinking, or change management. The middle and low-level management usually focus on adaptation to change, communication skills, ethical behavior, planning and control skills, time management and stress management.

The budget that banks typically spend for this purpose per employee during the year is UAH 1,714 (approximately 55€).

In the banking sector 57% of companies track the need to retrain their employees, 36% are linking the training program with the employee's career development plan, and 73% seek to closely monitor the effectiveness of learning basically by means of testing the acquired knowledge and skills. But again, all these indicators are unevenly distributed across the organizations' hierarchy with a noticeable bias towards higher management.

In-class training and distance learning (basically webinars) have a significant advantage between the external training types with noticeable advantage of such methods as mentoring, coaching and learning in the work process for internal training. It should be noted that these last methods should be considered the cornerstone of corporate culture for building a strong positive image of the bank as an employer.

Let's progress to the detailed summary of the SWOT-analysis conducted to determine the effectiveness of typical approaches utilized in the banking sector for creating an image as a respectable employer. In the analysis, after the comparison of variables, answers were

given to the following four questions:

1) Will there be enough of the company's internal capacity to implement key opportunities for attracting personnel related to the selected target audience? How to make the best use of these strengths?

2) Are there any significant weaknesses that will be blocking the implementation of key opportunities in attracting the right personnel in the context of modern trends in the development of the banking sector? What to do, which weaknesses to eliminate first and foremost?

3) Are there any threats the compensation of which will lead to a reduction of capacity to a level that could deny the materialization of key opportunities? How to compensate them if possible, due to what actions and/or components of the bank's internal capacity?

4) Are there any threats that lead to aggravation of weaknesses to reach the level which could block the implementation of key capabilities? What to do to proactively resist such threats?

STRENGTH VS. OPPORTUNITIES

After comparing the positive internal variables of typical local banks in Ukraine and the main opportunities answering the first question of the SWOT-analysis, the following conclusions were made:

To differentiate the bank as an employer focusing on a modern value system, it is necessary to highlight the following factors that are very important to Generation Z:

Strong corporate culture and staff-oriented style of management,

1) *Job enlargement* (an approach that is based on the varied increase of tasks which are done within an employee's official authority – in fact it is the provision of self-realization in the chosen field appealing to the fourth most powerful factor that influences the choice of a future workplace by representatives of the target audience),

2) *Job enrichment* (an approach that not only increases the diversity of tasks but also allocates to the employees more responsibility and authority. That appeals to the 2nd most powerful factor that determines the future employment choice).

3) The mentoring system usually developed in the financial organizations having an academy-type corporate culture (by Shein's classification) along with intense

communications between hierarchical levels should be clearly demonstrated to potential employees – for example, during special workshops, seminars, and other events organized by the companies as a vivid proof that the image of financial organization in contrast to most widespread ideas are based on mutual trust, initiative support, personal achievements recognition, etc.

These strong points should also be used in social networking and in the printed products, for example in the form of a scribing – a form which is most adapted to the peculiarities of the perception of Generation Z who mainly are visual and have so called “clipped thinking”.

The presence of such strengths allows us to develop “double-use” advertising that helps not only to promote solutions and services, but also to attract potential employees (the JP Morgan group was one of the pioneers in this direction, creating advertising highlighting on the one hand the international/multinational nature of the group's activities and on the other – creating a highly attractive atmosphere for potential employees). Likewise, banks could create similar videos for social networks (primarily Instagram as the most popular among the focus audience), which can also be displayed on informational screens in the bank's local branches.

The existence of communications between hierarchical levels (e.g. such customs as coffees or even lunches with the President or CEO) is an important positive factor in attracting Generation Z, which, as shown by face-to-face interviews during the survey, is focused on:

- 1) recognition of status and prestige
- 2) realization of ambitions
- 3) the need for independence.

Involving videobloggers or other net-oriented opinion leaders that are very important to the target audience could substantially facilitate the general attractiveness of the employer in the banking sector.

Relative stability of the banking sector's employee headcount reached just recently in 2016-2018 could provide the basis for adaptation and moral and psychological motivation of the target audience representatives. Moreover, through the coverage of prominent success stories in social networks, a multi-faceted inner life demonstration (active weekends, talent discovery program, the ability to learn a language, sports events), propagations of traditions, internal values, and other elements of corporate culture can consistently strengthen the positive image of the financial organization

and effectively counteract the general negative attitude that has developed in relation to the banking sector, especially after the crises of 2008 and 2014.

Social capital in conditions of relatively stable headcounts can also be used as a tool for promoting the bank as an employer, creating a positive image on social networks and forums where existing employees exchange views on employers and disavow negative responses.

The general conclusion which can be drawn from the comparison of opportunities and strengths: the banking sector undoubtedly has a quite impressive set of strengths that can be used to attract the target audience. There are obvious approaches for using strengths to realize opportunities, which as a rule, do not require additional resources.

WEAKNESSES VS. OPPORTUNITIES

After comparing the negative internal variables of typical local banks in Ukraine and the main opportunities answering the second question of the SWOT-analysis, the following conclusions were made:

The main problems that should be immediately eliminated, which objectively lead to blocking the positive prospects of involving the target audience, is the lack of information about financial organizations as an employer, a negative image after the events of 2014 and, of course, the skeptic attitude of the target audience towards employment in the financial sector in principle (see the results of the survey). To do this, as noted in the analysis of strengths and opportunities above, it is necessary to use the features of corporate culture, which can be characterized as rather non-standard for financial organizations. Since corporate culture is a quite easily renewable resource we can conclude that the potential is sufficient not only for the implementation of basic capabilities, but also for counteracting the main internal negative factors provided the financial organization is not going to make corrections in the general direction of development of corporate culture focused on the development of employees, the formation of internal social capital (social ties, collective values, etc.).

Significant increase of the starting wage is obviously not possible (employees must first prove his/her efficiency, usefulness, etc., before receiving more sound remuneration). However, the emphasis on comfortable working conditions, the moral and psychological climate in

the organization, can greatly weaken this disadvantage.

Work with juniors as potential employees of the bank in a more distant future should begin today to ensure future intake of the target audience representatives. The Ukrainian financial sector can take advantage of the new opportunities provided by educational reform connected with dual programs in the framework of which students starting from the first year of study combine their study with practical training at the chosen job place in an enterprise that is interested in them as future professionals.

To attract the interest of older schoolchildren who also are closely related to Generation Z that is focused on live communication and seeking success, wherever possible (see the survey results above), it is advisable to conduct “live” activities, for example, in partnership with advanced educational institutions that are interested in attracting schoolchildren as potential entrants.

The general conclusion that can be drawn based on a comparison of opportunities and weaknesses is the following: there are weaknesses that block the rapid progress towards the goal but their influence can be coped with rather quickly and efficiently using intangible components of the banking sector’s internal capacity such as social capital.

STRENGTH VS. THREATS

As a result of the answer to the third question after comparing the positive internal variables of the bank and the main threats, the following conclusions were made:

The main threat the influence of which potentially can reduce the potential of the financial organization, is the low level of salary for young employees compared with competitors. However, as shown above there are quite effective ways to counteract this requiring rather limited resources. The logic of actions aimed at this danger lies in appeal to the features of Generation Z:

- 1) propensity to risk,
- 2) self-confidence,
- 3) adaptability to change.

For such people a corporate culture and proper style of management, possibilities for employee on-the-job development, job enlargement, job enrichment, and other moral and psychological incentives already discussed above should be offered. The target audience should be informed about these prospects through

channels and in forms (to which it is most receptive i.e. social media with the opinion leaders involved. Future plans and expectations in the sphere of staff development should be openly explained to the focus audience. The younger strata of the focus audience should be prepared to perceive values that are specific to the banking sector. Remarkably enough, these steps practically do not require additional costs as some funds are already allocated to facilitate corporate culture development.

The staff turnover also marked as a threat can be sufficiently compensated by the development of social capital of the organization.

Unfortunately, such a threat as the loss of the market position of the bank which could be unpredictable lies outside the scope of the tasks of this research.

The general conclusion that can be drawn based on comparing the positive internal variables of the bank and the main threats is the following – there are threats whose compensation requires an additional share of the organization’s potential, but, as a rule, it could be done by the cost of intangible resources.

WEAKNESSES VS. THREATS

Regarding the fourth question of the SWOT analysis concerning the comparison of threats and weaknesses, one

can note the following: the main threat that exacerbates the weaknesses is the presence of competitors with a higher startup salary but the counteraction to this threat has been described in detail above.

CONCLUSIONS

Thus, summing up the analysis of possible ways of improving the image of the bank as an employer through the development of corporate culture, we can draw the following conclusions:

while maintaining a corporate culture as the basis for creating an image of the bank as an employer special care should be taken to choose the primary channel of information dissemination on the employment attractiveness in the banking sector which corresponds to the perception peculiarities of the target audience;

monotonous hard work in the bank can be compensated for by building up a positive corporate culture and extending usage of this tool by implementing it to attract employees from the selected target audiences;

a positive employer image formation is an urgent task for most banks operating in Ukraine.

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