

## **MISCELLANEA**



# **Employment in the banking sector in Poland – determinants and perception**

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## **Abstract**

The aim of this study is to identify the main determinants of how banks are perceived as employers by the young generation of Poles. The study, which was carried out among students of a university of economics, takes into account the factors behind systemic changes in the banking sector. The impact that legal regulations, consolidation processes, modern technologies and social aspects have on employment in the banks is analysed. The paper also presents the results of an empirical study designed to create the profile of an employer perceived as attractive by the students, which was subsequently used to confront students' perceptions of the bank. The results have shown that banks are perceived as an attractive workplace due to the financial stability they offer, with a very small discrepancy between the profile of the desired employer.

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## 1 Introduction

According to the assumptions of microeconomic resource theory, the bank sustains its competitive advantage primarily due to the development of internal resources. Among these, in the literature, intangible resources are reported to have the greatest importance (Barney 1991; Nonaka, Toyama 2015; Nason, Wiklund 2018). In this context, the appropriate design and implementation of human resource strategy, which determines the acquisition and development of staff offering expertise and skills precious to the bank, appears to be one of the main competitive edge factors in the banking sector (Shih, Chang, Lin 2010).

At the same time, according to competitive advantage theory, based on relational capital, employees are the most precious resource in an organisation due to the decisive role they play in establishing and maintaining long-standing relationships with the close and more distant environment. This means that the bank is able to compete thanks to the development of relational capital, understood as the stability and intensity of its relations with the customers, regulators and shareholders. Since it is difficult to be transferred, relational capital is a strategically important – albeit intangible – element of bank assets (Ślęzak 2007; Mavridis 2004).

In the macro-economic perspective, the theory of human capital indicates that the labour market is able to absorb increasing numbers of highly-educated employees provided that the earnings which correspond to specific education levels may be decreased (Blaug 1995). Meanwhile, in the nominal and often real approach, earnings of bank employees, who are better and better educated, grow.

The banking sector as a workplace has long enjoyed popularity. The main popularity factors are prestige and salaries. Work in the banking sector or in public trust institutions should be associated with reliability and responsibility. However, the last global financial crisis clearly showed that some banks failed to preserve these values, while the remuneration system generated high risk. Human errors, whether intended or not, have always been one of the fundamental causes of financial crises.

In Poland, the development of modern banking occurred in the 1990s and was manifested, among others, by a constant increase of employment and salaries in the banks. Over the last decade of the 20th century, some banks operating in Poland even doubled their staff.

For nearly 30 years, the employees of the Polish banking sector have proven to be a professional group which has continuously increased their knowledge and skills. At present, over 150 thousand people work in the banking sector. Although this figure has gradually declined over the last few years, the number of highly qualified employees and those working in the banks abroad has been growing steadily. More and more often, Poles are offered managerial positions in international banking groups. Most of the highest paid bankers work in the United Kingdom, but Brexit may change this.

At the same time, organizational structures and employment rates should anticipate the future conditions and economic trends on the financial markets and adapt accordingly. The success that the Polish banking sector has achieved so far should not be taken for granted in the context of a knowledge-based economy.

In view of the above, the following research hypothesis was adopted: banks – as perceived by the students starting their professional careers – are far less attractive employers than other entities in the financial and non-financial sector, which may pose a significant obstacle to the banks wishing to sustain their competitive edge.

## 2 Determinants of changes in employment

In the present decade, the conditions of banking activity are undergoing a fundamental transformation. The changeability of the immediate and more distant environment poses a significant challenge to modern banks, not only in terms of operation but first and foremost – strategy. Banks' ability to successfully manage this change in order to deal with the new conditions of their competitive activity will determine their economic and social role for the coming decades. Among the significant challenges the banks have to face is changeability of the factors in the field of:

- legal regulations – due to the fast growing scale and range of banking regulations,
- structure – through consolidation processes,
- market – determining the rise of competitive pressure due to the implementation of new IT technologies,
- society – through a change in behavioural models among generations Y and Z.

### 2.1 Legal regulations

An unprecedented increase in banking regulations occurred in response to the financial crisis of 2007–2008 (Fratzscher, König, Lambert 2016; Andries, Iesan-Muntean, Nistor 2016). In the context of the rapidly growing importance of regulatory discipline in the banking sector, public administration institutions are continuously increasing the range and intensity of the direct impact of prudential regulations on banking operations (Jackowicz 2003; Levine, Barth, Caprio 2004). The current renaissance of regulatory constraints has stemmed from a concern that banks may have incentives to take excessive risks when the public administration implicitly guarantees banks' survival in the time of crisis (Harris, Opp, Opp 2014). Given the fact that massive bailing out of banks naturally distorts the risk-reward trade-off, numerous academics and politicians called for substantial increases in equity capital requirements after the financial crisis of 2007–2009 (see e.g., Admati et al. 2010).

The increasing range of regulations and supervisory systems of control applied by the public administrative institutions, which is observed in the present decade, essentially affects the operational activity of the banks in terms of growing administrative expenses (Santos, Elliott 2012). The increase in legal regulations has triggered – among others – a rise in personnel costs, which makes it necessary to ensure acquisition of new employees with high qualifications and eclectic knowledge in law and finance (Anwar et al. 2014).

No less importantly, the obligation of periodical reporting to the supervisor engages the back office staff in the bank. The work of back office teams brings only a little revenue to the bank, but generates high costs in the HR budget. The growing number of staff employed on full-time contracts, which is necessary to meet the regulatory demand, diminishes the banks' ability to restructure employment in order to respond to the increasing competitive pressure in the sector. Also, it makes it more difficult for the banks to successfully confront the FinTech companies and those operating with no such administrative burden (Koleśnik 2017).

The necessity to ensure the stable operation of the banking sector, working within the system of partial reserve and systemic risk-related threat, naturally triggers different forms of public administration regulations. However, it should be noted that the increasing “corset” of prudential regulations is

functionally unreliable and leads to counter-productive outcomes. The wide variety of regulatory objectives addressed to the banks should be mentioned here. In practice, their implementation leads to an internal contradiction (Zaleska 1999). On the one hand, thanks to regulations, banks are supposed to maintain their operational stability, while on the other, the increasing staff-related costs connected with the implementation and monitoring of these regulations undermine the internal potential of the bank to cover losses from its own capital sources. Also, information constraints imposed on the supervisor, related to early identification of single threats in order to keep the adequate level of systemic risk in case the regulator's decision is delayed, must be emphasized here (Billett, Garfinkel, O'Neal 1998).

The contemporary banking sector is undoubtedly over-regulated, which is clearly illustrated by the following examples. The first international bank security standards (Basel I), issued in 1988 by the Basel Committee, were 30 pages long (51 articles and 4 appendices). The current post-crisis regulation package, which is valid across all the EU Member States, consists of CRD (Capital Requirements Directive) IV – 99 pages, 165 articles, CRR (Capital Requirements Regulation) – 337 pages, 521 articles and over 100 technical regulatory and executive standards – still in the making – each several pages or tens of pages long.

Apart from the above regulations, the last crisis brought about a totally new body of regulations in the field of resolution. It consists of a directive which is valid in all EU Member States, as well as a regulation and inter-governmental agreement exclusively dedicated to the banking union countries, i.e. at the moment – the euro zone countries. In total, they make a few hundred pages. Moreover, the range and body of regulations on the protection of consumers on the financial services market, regulations in the field of consumer loans, mortgages, basic bank accounts or payment instruments, making another several hundred pages of regulations, have increased considerably.

The effective banking regulation aims to both protect the banking sector from excessive risk-taking and minimize moral hazard (Ayadi et al. 2013). However, the current state of banking regulation has changed into a complex of broad but strict micro-prudential measures, which changes the nature of bank regulation. As a consequence, the aim of banking supervision has evolved from monitoring bank activities to promoting internal bank management, which has turned banks into more opaque and less flexible institutions.

In addition, bank capital requirements have tightened significantly (Casu, Deng, Ferrari 2017). The recent studies have shown that under the conditions of higher capital requirements, bank owners may pursue a costly financing policy, prioritising equity over deposits (Haque, Brown 2017). This may reduce the incentives of banks in their risk-adverse activity as equity capital becomes more expensive to raise than deposits, ultimately leading to higher risks and lower efficiency (Djalilov, Piesse 2019).

The exponential growth of bank regulations as well as their complexity and poor transparency affect the level of legal risk, cost of banking operations and employment rates in the banks. The last few years have seen the increasing importance and immense popularity of compliance departments in the banks, which are obliged by law to maintain such divisions. In order to reduce risk and ensure stricter compliance of banking operations with current laws, these divisions have been extended and staffed with new employees, mainly lawyers. Nonetheless, extended and cost-absorbing compliance departments do not prevent risk occurrence (e.g. Getback bonds) while they increase staff-related costs and make the organizational structure of the bank less transparent (mutual dependencies, overlaps between competences and responsibilities of compliance, audit and risk departments).

Analysis of the current situation shows the necessity of reasonable deregulation, but above all, greater transparency. At the same time, it indicates new entities and financial instruments which are not regulated and involve high risk for the financial market participants and disrupt equal competition opportunities. Creating an optimum regulatory corset will pose a considerable challenge to the Polish security network and will affect employment levels in the banks and in the other segments of the financial markets.

## 2.2 Consolidation of the banking sector

The strategic imperative of capital strengthening of the banks, which emerged as a result of the financial crisis, naturally intensifies the consolidation processes in the banking sector and the related, gradual decline of the number of banks running operational activity. A distinctive feature of the current consolidation processes is the dominant role of external strategic conditions, which results from the postulate of bank capitalization, reduction of financial leverage in the balance sheet structure, and from the necessity to meet the requirements of increasing prudential regulations in the field of capital adequacy (Beccalli, Anolli, Borello 2015).

As compared with organic growth, consolidation helps the banks to achieve scale effects, improves operational efficiency by swift cost reduction, and helps them gain advantages related to functional synergy within an organizational structure (Mautin 2011). Consolidation processes allow banks to achieve not only cost synergies, but also revenue synergies as a result of the integration of IT systems, reorganization of product range development processes and also the growing scale of sales due to greater cross and deep selling in the new organizational structure (Ayadi et al. 2013).

As a result of the consolidation processes, greater and increasingly more complex banking organisms emerge, labelled as too big to fail or SIFIs (systemically important financial institutions).

The degree of bank structure complexity is correlated with the geographic range of the bank's activity and with the number of staff. In the case of global banks, which are present practically in most countries worldwide, it means that they employ staff of several or even several tens of thousands. An example is Lehman Brothers Bank, which on the day of collapse had a staff of over 25 thousand in more than 40 countries and had 5 regional (located on three continents) storage centres of data on over 26 thousand servers (Koleśnik 2019).

Even though Polish banks are not classified as global SIFIs, PKO BP SA group alone has a staff of 25 thousand.

On the one hand, banks which emerged *inter alia* through consolidation provide employment to a large social group, but on the other hand, consolidation processes involve substantial redundancies, which has reduced employment figures in the banking sector from 181.2 thousand in 2008 to 162.5 thousand in 2018. In Poland, these processes affect, for example, Santander Bank Polska (following a transfer of a part of Deutsche Bank Polska to Santander), BNP Paribas (after its takeover of Raiffeisen Bank Polski SA), as well as Bank Millennium and Euro Bank.

Analysis of empirical phenomena in the relevant literature indicates a significant interdependence between the intensity of consolidation processes and changes in employment levels in the banking sector. A declining number of banks entails a decrease in the number of jobs, making the number of bank branches fall. Consolidation also leads to re-organizational processes at the back office through the elimination of overlapping competence structures (Focarelli, Panetta, Salleo 2002).

At the same time, a reduction in full-time jobs as a result of consolidation processes makes the jobs which have remained less attractive, since the bank employees who were not made redundant are often required to take on extra workload. Nevertheless, greater operational efficiency does not mean an adequate pay increase.

### **2.3 Modern IT technologies**

Already in the 1990s it was stressed in the literature that banking does not resemble any traditional trade, based on custom, experience and common sense (Solarz 1997). Banks have long realized the importance of the mass customer in the context of financial results and the competitive position on the market. The application of modern IT technologies in banking leads to greater automation of processes through machine learning techniques in back office systems and AI solutions to streamline the bank customer service. The greatest disruption of IT technologies for the banking industry stems from inspiring application scenarios and using big data analytics as a foundation, in order to provide more personalized and convenient services to increase the customers' banking activity (Ślęzak 2018). IT technologies in banking have already started to greatly affect the operations of compliance departments, payment processing or retail customer service. In the nearest future, it is expected that trade finance processes, trade in securities, monitoring of mortgage agreements or reporting transactions in the main bank ledger will also be automated (Manyika et al. 2017; Fethi, Pasiouras 2010).

Thus, banks are currently seeking employees with suitable analytical and organizational skills to implement automation processes (robotization). Exploitation of the potential offered by new IT technologies in business is becoming a strategic priority. At the same time, in order to cope with technological change, banks need a flexible HR strategy, which would liberate the employees' knowledge from organizational silos, especially in the case of posts which require a lot of manual work but offer low added value to business (Ślęzak 2018). It is estimated that over the next two to three years, machines will be able to do approx. 30% of the operations performed in banks (Chui, Manyika, Miremadi 2016).

New IT technologies are especially useful in the area of compilation and analysis of big data sets. Meanwhile, part of the working time of staff engaged in financial institutions is still devoted to the collection and processing of data, where there is high technical potential to automate the processes (Byrnes 2017). Credit analysts collect information about the clients and financial data. Client advisors prepare sales agreements or other forms of documentation. Audit employees verify the quality of processes and accuracy of financial data. As a result, the financial sector has the technical potential to automate its operations, which account for 43% of employees' working time. Meanwhile, implementation of automated verification of document and credit application processes may reduce this time by nearly 60% (Berruti, Ross, Weinberg 2017). Modern data processing technologies let bank employees concentrate on operations which carry a much higher added value than routine data processing (Shook et al. 2018).

Due to the competence-related challenges (the so-called learning curve) which the implementation of new technologies poses in large, complex institutions such as banks, so far a significant decrease in the staff number has not been observed in this respect. However, many analysts predict that it is only a matter of time. Banks have long applied technology to automate different aspects of their operations,

while machines or AI bots have been able to observe employees' work and learn from them in the self-learning process, which is part of machine learning, with the prospect of deep learning. This will practically allow us to fully automate task functions within a few weeks (Van Liebergen 2017).

The development of these technologies cannot be stopped and it should not be even attempted. The question remains open whether we try to manage this process or yield to the widespread trend, or perhaps – to a run. It is banks that give a stimulus to implement new technologies in Poland and it is worth considering whether they should aspire to completely eliminate traditional banking and cash. Some central banks have already started to notice this problem, and they point out to the need of maintaining cash circulation. The dilemmas also emerge among the bank clients, who are eager to take advantage of convenient, modern banking channels, but at the same time are becoming more aware of the fact that, among others, the banking sector is acquiring information about their life and habits. Protection of their own privacy versus comfort is a source of dilemmas which will not disappear in a society undergoing transformation.

From the banks' perspective, the individual is becoming an active element of automated systems (Sikorski 1995). The responsibility of contemporary banks therefore involves a compromise between modern technologies and the scale of human capital which is engaged to operate the new – broadly understood – technical devices and opportunities these technologies offer (Janc 2002). At the same time, even the most revolutionary innovations usually lay milestones in the technological dimension. It is therefore questionable whether their role can be over-estimated, e.g. in comparison with the earlier departure from gold parity and the creation of a dual-stage banking system (Zaleska, Kondraciuk 2019).

The digital innovations and technology-enabled business model innovations in the banking sector have triggered a rapid development of non-bank IT companies which deliver their financial solutions to banking clients (FinTech). Such FinTech innovations can disrupt the existing pillars of banks' competitive advantage and blur banking sector boundaries, which might facilitate strategic disintermediation, or revolutionize the way the existing financial institutions create and deliver services. Interfaces provided by FinTech within the PSD2 legal framework help to bundle the product offerings of different providers, thereby becoming the direct point of contact for customers. Online platforms may then become the preferred customer interface. A financial-services platform might also act as a marketplace where people interact directly and financial institutions serve the limited roles of advisor, broker and/or record-keeper. Banks respond to these changes to become successful players in the FinTech world by embarking on the strategy to cooperate with Fintech. On the one hand, banks have advantages that FinTech lacks, i.e. more capital, greater knowledge of regulations, recognized brands and customer confidence. On the other hand, FinTech can bring new capabilities to banks, including agility, innovation, cost reduction, better user experience and greater ability to use data (Anand, Mantrala 2019).

Therefore, the development of modern technologies does not mean the end of banking or of the possibility or sense of work in the banks. Although – as mentioned earlier – the employment rate in the Polish banking sector is declining, employment rates in banks' IT departments, understood in the broad sense, increases, while specialists in this area are urgently sought on the market. According to the data published by the European Commission, the deficit of specialists in technology areas may even reach 600,000 people before 2020.

## 2.4 Social transformations

In the literature, two main human resources management models are mentioned, i.e. sieve and human capital model (Andrałojć 2002). The 'sieve' model is based on the belief that an adult is a fully-developed individual and in principle cannot be changed. This leads to the emergence of organizational culture based on competition and rivalry between the participants. The moment employees enter an organization, they go through a 'sieve' system in which the best individuals are promoted while the weaker ones are gradually rejected and replaced with new staff. The human capital model, on the other hand, generates an organizational culture based on loyalty, trust, commitment and collaboration.

As a consequence, both sieve and human capital model are in line with the concept of social capital defined as a system of norms and networks which facilitate collective actions under the competitive pressure (Jha, Cox 2015).

Social capital incorporates the idea that corporations and sectors with higher social capital encourage cooperative norms (such as trust), which positively affects the corporate culture and stampedes the most adverse side effects of market competition. Cooperation built on trust affects economic development for two reasons (Działek 2011). First, it reduces transaction costs by eliminating the costs of partner control and conduct. A higher level of confidence can encourage more complicated and bold ventures, as they are not accompanied by the risk of working with an unpredictable partner.

Secondly, trust facilitates flow of information, improving communication and cooperation between both people and enterprises. It performs an important function, especially in the case of loose connections, which may raise doubts about the terms of market transactions. Moreover, trust mobilizes people to act, releasing creative, free, innovative and entrepreneurial activity (Sztompka 2007).

Observation of current reality in the Polish labour market makes us conclude that social capital is still at an early stage of development. Firstly, the employment rate in Poland has been considerably reduced only recently. Secondly, social skills such as commitment and loyalty are not the key features to be recognized in the labour market yet.

Moreover, the development of banking systems confirms the accuracy of sociological Z theory of man, according to which an individual adapts to the situation he or she has to operate in. If the basic needs of an individual are not fulfilled, it is hard to expect that they will identify with their work and respect the property rights of others without being supervised (Solarz 1997). Also, the challenge posed by the contemporary world consists in the fact that these needs are rapidly growing and are often additionally inspired by the environment and by politicians (consumption drive).

Along with transformations in banking sector operations, which are triggered by regulatory changes, capital transformations and modern technologies, the character of a professional career in banking is also changing considerably. Traditionally, the bankers climb a simple career ladder within the organizational structure of one institution, starting with the lowest positions. The growing instability in the operation of banks makes employment more liquid. It is therefore expected that the graduates will now pursue four to six career paths instead of one (Tapestry Networks, EY 2018).

Most analysts expect that the length of employment period within one bank will decrease. In the United States, the median of seniority in 2016 for employees aged 25–34 was shorter than three years as compared with over 10 years for employees aged 55–64 (Noonan 2018). In the years to come, individuals able to hold different professional functions and work in different business lines will be more and more precious, and banks will have to re-model their employees assessment methods. Banks

must concentrate on staff competences in order to determine the potential and scale of development and not on the roles which they now hold within the organization.

The character of team work is also transforming towards holistic project teams, active in a system which focuses rather on building small teams, which work along a flexible timeline, demonstrating full commitment in order to achieve goals in short cycles (agility). A system based on instructions is superseded by training the subordinate staff so that they are able to work out independent solutions (Joyce 2018).

Generation Y, i.e. the Millennials, have already entered the market. They expect flexible work rules with a quick career ladder offered in recognition of their role in the organization (Özçelik 2015). However, some aspects of the flexible working environment expected by the graduates at present may be difficult to implement in the context of the procedures and internal regulations which govern almost each detail of banks' operation. In consequence, banks in Poland are very innovative in terms of their front-office services, but they encounter rising burdens in attracting the most talented graduates as many of them are discouraged by the bureaucratic banking corporate culture and functional silos in the organisational structure. In the future, banks will have to feel more comfortable about the changes and work in more "agile" project teams with a high rotation of challenges. This entails fundamental changes in their work organization rules in the changing regulatory-market environment (Gibson, Greenwood, Murphy 2009).

### **3 Perception of banks as employers**

#### **3.1 Assumptions**

The perception of banks as potential employers is key especially among the students of economic faculties. They constitute potential labour capital for the banking sector in the context of the above transformations.

The study of the perception of banks as employers by the students of Warsaw School of Economics (SGH) was carried out in semester I of 2019. The test sample was representative and it included 895 students. The study looked at the students in all years of study, at all kinds of studies and specialties.

The study used a questionnaire form composed of three parts, each having different research goals. In the first part, the profile of the test sample was characterized taking into consideration, among others, the system of study and faculty. The aim of the second part was to identify the importance of the main premises determining the profile of an attractive employer without defining its trade. Students' preferences with regard to the attributes of an attractive employer were carefully analysed in four essential aspects, i.e.:

- salary structure,
- employer's reputation and prestige,
- attractiveness of the post,
- employer's corporate culture.

The aim of the third part of the study was to analyse the students' expectations of banks as potential employers in the context of the attributes identified in the second part of the study. Thus, a multi-dimensional comparative analysis was performed through the identification of differences between the importance of attributes of employers' attractiveness and its perception in respect of banks.

### **3.2 Characteristics of test sample**

Over 60% of respondents in the study were full-time day students, most of whom had no practical experience in the labour market. Therefore, it may be assumed that in this context their perception of a desired employer and the attractiveness of a bank was influenced by the factors present in their environment (i.e. friends, family, social media), which shape their idea of an attractive employer and the role of banks on the labour market in Poland. The test sample was also representative in terms of study cycle, i.e. bachelor's and master's degree programmes were equally represented. PhD students were deliberately excluded from the study as this group already know what career path they wish to pursue, usually focusing on academic careers.

Nearly half of the respondents were students of Finance and Accounting. This group, due to their education, most frequently work in financial institutions, mainly banks. It is worth noting that the distribution of the test sample reflects students' preferences while choosing the field of study.

The perception of how attractive a bank is as a desired employer was largely influenced by the student's place of origin. It should be noted that a quarter of the respondents come from Warsaw, while almost half of them originate in county (powiat) towns. This fact largely affected their evaluation of how attractive the employer was in the context of financial (pay) expectations and an idea of an attractive employer itself. Banks are generally among those employers which have their distribution network (i.e. branches) on local job markets, while in big cities they have their administrative systems.

### **3.3 Perception of preferred employer**

Among the four main dimensions of the preferred employer, students generally appreciate two variants, i.e. attractive post (46.1% respondents) and salary (36.9%). This way, the factors which are directly connected with the workplace dominate the choice of employer. These results show that the students follow a very pragmatic approach in their evaluation of employers.

In the respondents' opinion, more general factors, which are indirectly connected with the workplace, such as reputation and prestige (9.1%), or the corporate culture of the preferred employer (8.5%) are not a major aspect in their evaluation of the employer's attractiveness. This may be due to their rather modest experience in the labour market, since corporate culture may be an abstract factor in students' perception. On the other hand, although the respondents mainly come from smaller towns, they do not seek prestigious employers.

Among 46.1% of respondents who indicated the attractiveness of the post as a very important factor in their evaluation of a potential employer, a large majority (59.6%) were women. The same opinion was shared by 40.4% of male respondents, while 53.6% were students of the first cycle (bachelor's degree programmes) and 46.4% of the second cycle (master's degree programmes). Only 15.6% of respondents had worked in a bank earlier, which means that 84.4% had no such previous experience.

In the students' opinion, an attractive workplace means first and foremost an inspiring (34.9%) and steady job (30.3%). We should therefore conclude that the respondents' ambition is above all professional development; moreover, they would prefer not to change the employer. It is worth noting that at the same time this model of employer has lost its importance on the contemporary labour market, which may be a potential source of disappointment for the graduates.

In this context, it is quite interesting that the factors which help adapt to the changes on the labour market (i.e. flexible working hours –17.4%, or possible career abroad – 8.6%) did not find wider recognition among the respondents. These manifest a very task-oriented approach to the future employer, i.e. only for over 30% of students are good relationships with the employer important or very important.

The pragmatic approach in the students' evaluation of the preferred employer is confirmed by the fact that for over 80% of respondents an attractive salary is connected with the base salary. Therefore, an attractive variable salary is important and very important only to one respondent in four. Such an approach also creates a cognitive dissonance between the real contemporary labour market characterized by a strong trend to connect the salary with real work outcomes.

Also, students tend not to appreciate other forms of support offered by the employer, such as financing training courses or study programmes, despite the fact that according to previous results, they expect inspiring work. This result may mean that they do not experience a deficit of knowledge or skills when they start their professional careers.

Also, perks – until recently so much appreciated – now make a much less important attribute of an attractive pay package. Therefore, contemporary students do not see their preferred employer as a direct source which will help them satisfy their consumer aspirations.

Among 60.7% of respondents who stated that salary was a very important factor in their evaluation of the attractiveness of the employer, women prevail (58.9%) over male respondents (41.1%). Moreover, 53.7% were first cycle students (attending bachelor's degree programmes) and 46.3% were students of the second cycle (attending master's degree programmes). At the same time, 15.8% of respondents had already worked in a bank while the prevailing majority (84.2%) did not have such previous experience.

The reputation and prestige of the preferred employer are perceived by the students mainly in terms of its financial stability (47%). This comes as a surprise, considering that the innovative character of a potential employer is a factor which only 17.4% of the respondents indicated as very important, i.e. half as many. We could therefore conclude that the respondents show very conservative preferences in their evaluation of the employer's attractiveness, if not the fact that traditional attributes of an attractive employer such as prestige or good reference in the CV were less frequently indicated as very important factors, i.e. by 13.1% and 10.9% of respondents, respectively.

Out of 13.1% of the respondents who indicated that reputation and prestige were very important criteria in the evaluation of a potential employer, 57.4% were women, while 42.6% were men. First cycle students accounted for 55.8%, while second cycle students accounted for 44.2%. 13.2% students had worked earlier at a bank, while 86.8% did not have such work experience.

From among the four main criteria used to evaluate the attractiveness of the employer, corporate culture is the least important. However, a deep study indicates a clearly dominant attribute connected with this criterion. Namely, for 84% of respondents, the work-family balance is an important or very important factor.

The remaining factors having an influence on the corporate culture of the contemporary employer, such as an international working environment, flat organizational structure or low formality level, are not perceived by the students who took part in the study. In the case of the last attribute, a low level of formality in the work environment is unimportant for nearly 13% of respondents. It is not a very consistent choice, considering that a flat organizational structure is not important for almost 30% of the students tested. Among 8.5% of respondents who indicated that corporate culture was

a very important factor when choosing a potential employer, 63.8% were female, while 36.2% were male respondents. Simultaneously, 53.5% were first cycle students and 46.5% were students of master's degree programmes. Among them, 10.8% worked and 89.2% had not worked in a bank before.

#### 4 Preferred sector

The following sectors were indicated as the first choice by the students who would like to start work:

- auditing (26%),
- new technologies (16.8%),
- banks (14.5%) *ex aequo* with consultancy firms (14.5%).

We can therefore conclude that banks are still generally perceived by students as an attractive workplace. This is not surprising, considering the big importance of conservative attributes which determine the perceived attractiveness of the employer in the first part of this study. The perception of banks and consultancy firms or auditors is generally convergent with an image of stable employer offering an attractive base salary.

We should note considerable reluctance among the students to start their own economic activity in the context of the public administration sector, which enjoys very small popularity. Here, new technology firms proved to be quite popular, although this choice is a consequence of the market image such companies have, rather than the real conditions of such a workplace. These are, in fact, far from the postulates reported by the respondents who wish to achieve a work-family balance and do not appreciate informal working conditions very much.

Students who chose banks as their future workplace were asked about their preferences as for the department they would like to work in. The areas indicated include investment banking (24%) and then risk analysis (17%). These results are also in line with previous answers, as more and more students major in quantitative risk analysis. On the other hand, new technologies were indicated only by 8% of the respondents who do not exclude working in a bank despite their declared preference for innovative employers. This means that banks are not generally associated with new technologies as the main dimension of work.

The remaining departments within a bank organizational structure, both in terms of direct customer service (i.e. retail banking), or back office departments (e.g. audit) are not very attractive for students any more. Likewise, compliance departments, despite their growing importance in banking operations do not enjoy large popularity. Only 1% of respondents are interested in working in this department, which is a result of lack of legal training and poor knowledge of the specific character of operations run by such departments.

Among the students who chose a bank as a preferred workplace, foreign capital participation was of considerable importance. For over 40% of students a private bank with foreign capital is an attractive workplace, which is traditionally (but often not correctly) associated with higher salary and better working conditions.

It is worth noting that nearly 30% of the students declared that they would like to work in a bank in which the state has a majority stake and 6% – in a state-run bank, namely Bank Gospodarstwa Krajowego. Such declarations may be related to a stable post expected by the students. Mortgage lenders and cooperative banks are perceived as not very attractive. This may be the effect of low

knowledge of the specific character of such institutions and limited importance of their activity in the banking sector in Poland.

## **5 Perception of banks as compared with preferred employer**

The results of the third part of the study indicate that – in the students' opinion – the perception of banks is generally convergent with the image of preferred employer shown in the first part of the study. Banks are favoured in terms of steady employment opportunities, which is one of the two main attributes characterizing the image of an attractive employer.

However, the second attribute of an attractive workplace (i.e. inspiring job) is not so strongly associated with banks any more. Therefore, banks may have difficulty acquiring those students who do not only seek steady employment but would also like to develop their interests in an inspiring work environment. This barrier results from the fact that students perceive banks as strongly hierarchial institutions, almost bureaucratic ones. Such ideas are confirmed by the fact that banks do not have an image of an ideal employer in terms of good relationships with immediate superiors. However, we should remember that the characteristic attributes of a so-called agile institution, such as flexible working time or work abroad are not especially appreciated attributes of an attractive workplace.

Respondents generally agree that banks offer attractive base salaries, which is still the most important criterion of evaluation of an employer's attractiveness in terms of financial conditions. What is more, banks are seen in a slightly better light in the aspect of variable salary components (i.e. bonus). On the other hand, the banking sector is not that attractive in terms of the second factor of workplace attractiveness, namely a quick career path.

The above results allows us to conclude that remuneration in banks is considered by the students as attractive, but opportunities to earn higher salaries as their competences increase are limited. This bureaucratic image of a bank as an employer does not reflect the changes on the labour market. Moreover, it is particularly interesting in the context of innovative companies employing new technologies, where salary is performance related and a quick career path is ensured.

The conservative image of employers is confirmed by the fact that in their assessment of banks' reputation and prestige, students appreciate financial stability, which they perceive as better than in the case of other employers.

Other attributes are far less important, but they are generally convergent for banks and other potential employers. What is important, the fact of having a job in a bank is not seen by the students as good reference in their CV and therefore not especially appreciated in this respect.

In terms of corporate culture, it is interesting that banks are perceived as quite attractive employers in respect of work-family balance. This attribute is a very important and important factor for the prevailing majority of respondents. This may mean that the image of a bank as an aggressive corporation which disturbs the balance between family life and professional life is no longer very common.

In the case of other attributes, the image of banks shared by the respondents as compared with preferred employers is similar; banks prevail slightly in terms of recruitment of best candidates. However, this is not an important factor for most of the students who took part in the study.

Generally, in this area, students found it difficult to clearly evaluate individual factors, which may be due to little experience most of the respondents have on the labour market.

## 6 Conclusions

The banking sector undergoes constant transformations triggered by systemic factors such as consolidation or the development of new technologies, but also regulatory and social ones. As a result of the changing conditions in which contemporary banks have to operate, the perception of an employer's attractiveness by a contemporary student who belongs to generation Y, is also changing as compared to generation X employees.

The profile of a preferred employer according to students' preferences, which were analysed in terms of essential criteria such as salary, reputation and prestige of the employer, attractive post and corporate culture, indicates that such an employer ensures primarily an attractive post and attractive salary.

For generation Y students, an attractive post means above all an inspiring and steady job in Poland, not abroad. Less importance is attached to flexible working time, good relationships with superiors or career opportunities abroad. Preferred salary means an attractive base salary, which is not performance related, but is likely to increase, which entails a quick career path. The other fundamental dimensions, i.e. reputation and prestige of the potential employer or corporate culture, are not so important for attractiveness. If reputation of the desired employer is taken into account, it is perceived in terms of financial stability. Corporate culture is analysed in respect of work-life balance.

The profile of a bank as an employer is not very different from the profile of a preferred employer. The study, therefore, does not provide evidence for the research hypothesis that there are vital and negative differences between students' perception of banks as compared to the image of an attractive employer. On the contrary, banks are perceived as attractive workplaces (subjective factor) offering very good salaries (objective factor).

According to the students, an attractive post in a bank means a steady but uninspiring job. The salary in banks is mostly assessed as an attractive base salary and performance-related bonus, which is emphasized more than in the case of a potential employer. Respondents did not see strong chances of salary increase in banks due to the limited career path opportunities. Like the employer, the reputation and prestige of banks are perceived in terms of financial stability. Financial stability is better assessed in the case of banks than a preferred employer. Corporate culture is evaluated in a very similar way in the context of work-life balance.

Banks are still an attractive workplace for students. Those who see their professional future in banking prefer banks with foreign capital, including investment banking and risk departments. It seems, however, that due to their lack of work experience in banks, students do not see all the trends which determine the current work conditions in the banking sector. What is very important for them is a stable workplace offering an attractive salary, which allows them to successfully combine their professional and private life. However, it is a luxury which banks will not be able to afford in the times of abrupt structural changes determining the condition of the banking sector in the decades to come.

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## Appendix

Figure 1  
System of study

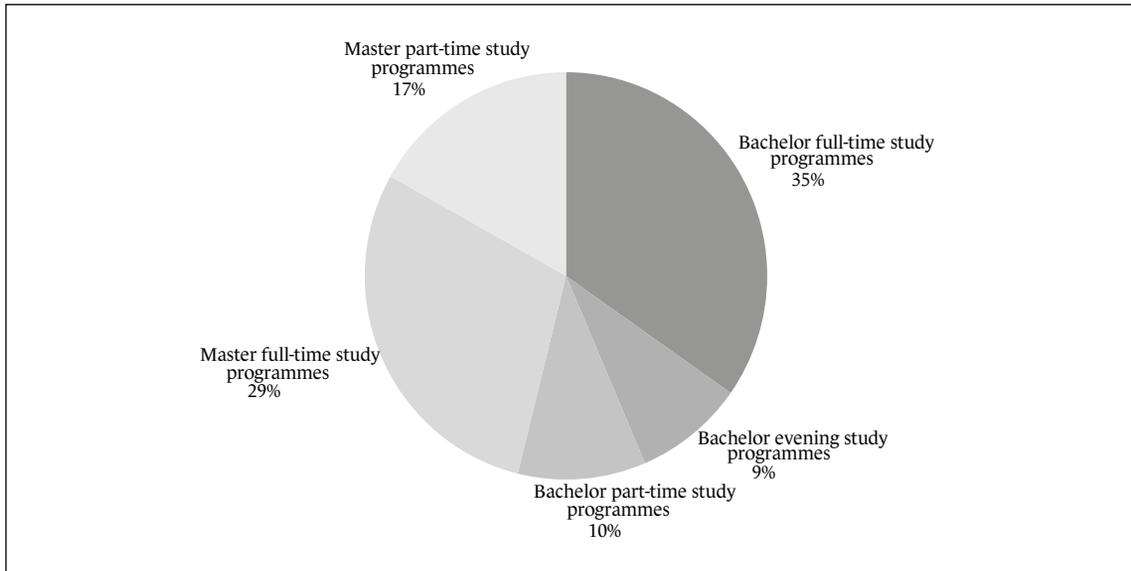


Figure 2  
Field of study

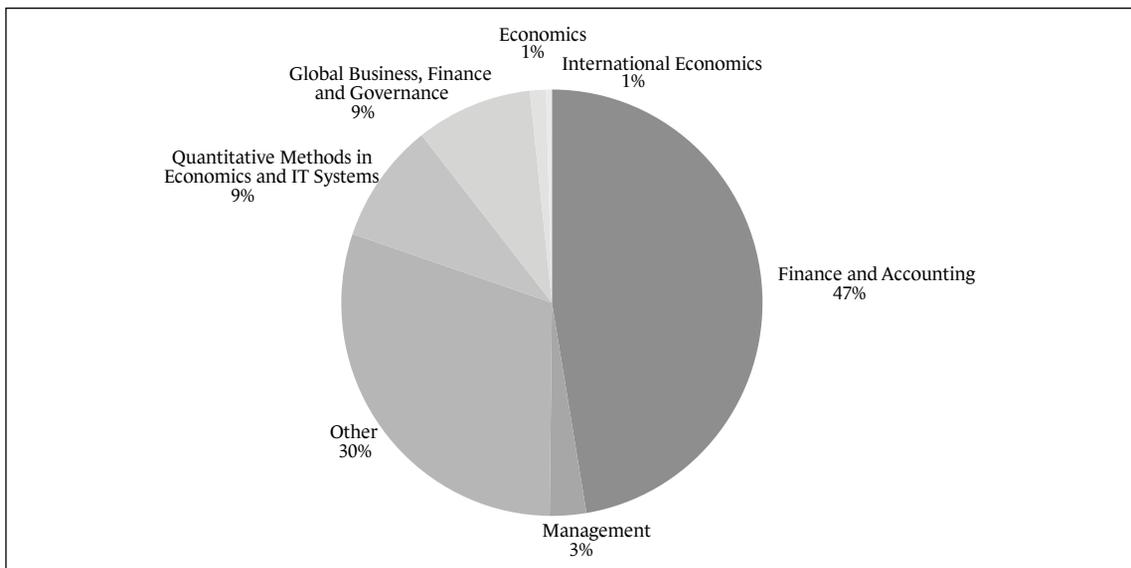


Figure 3  
Geographical origin

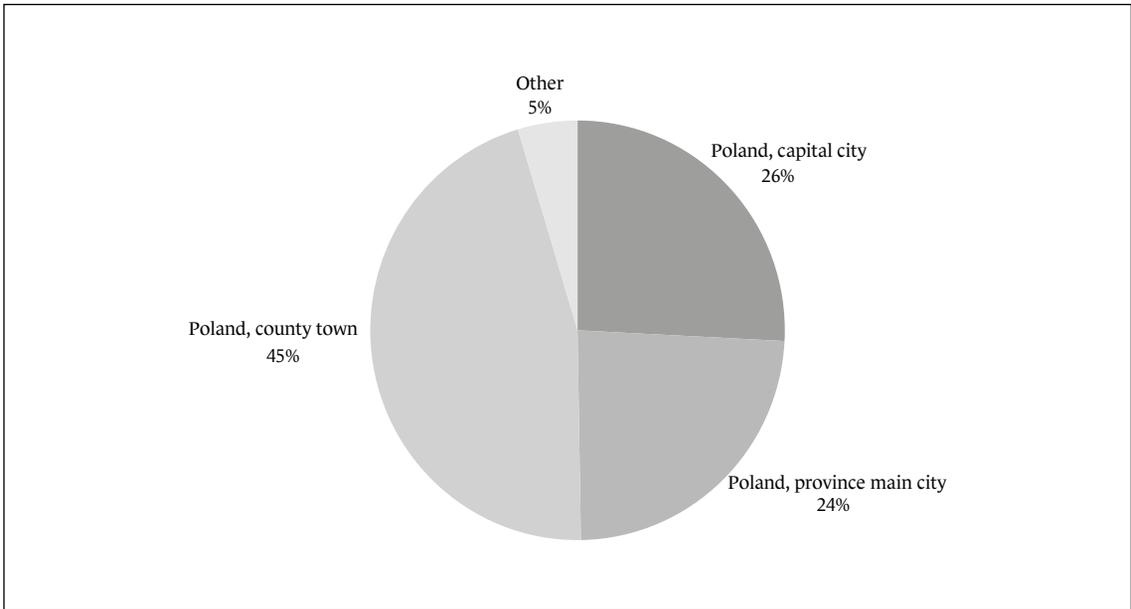


Figure 4  
Evaluation of attractiveness of preferred employer

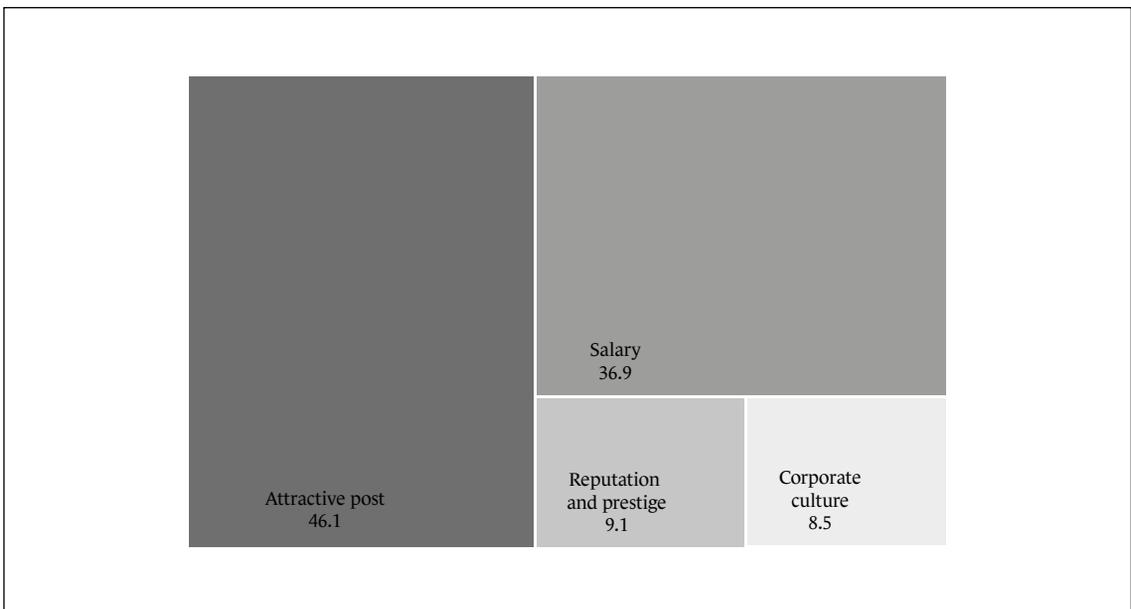


Figure 5  
Preferred employer – attractive post

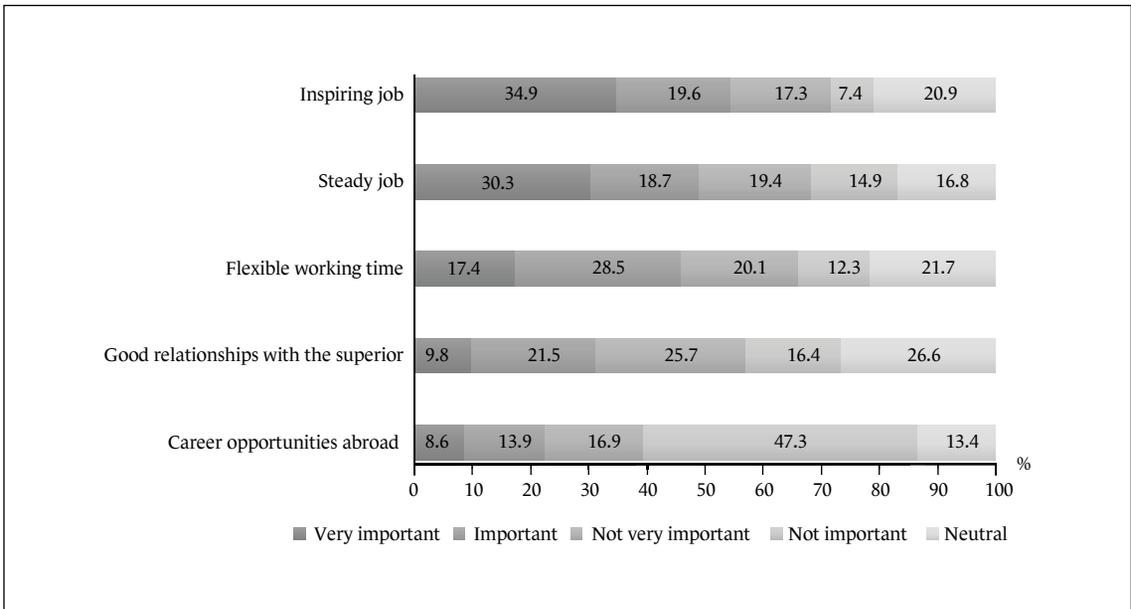


Figure 6  
Preferred employer – salary

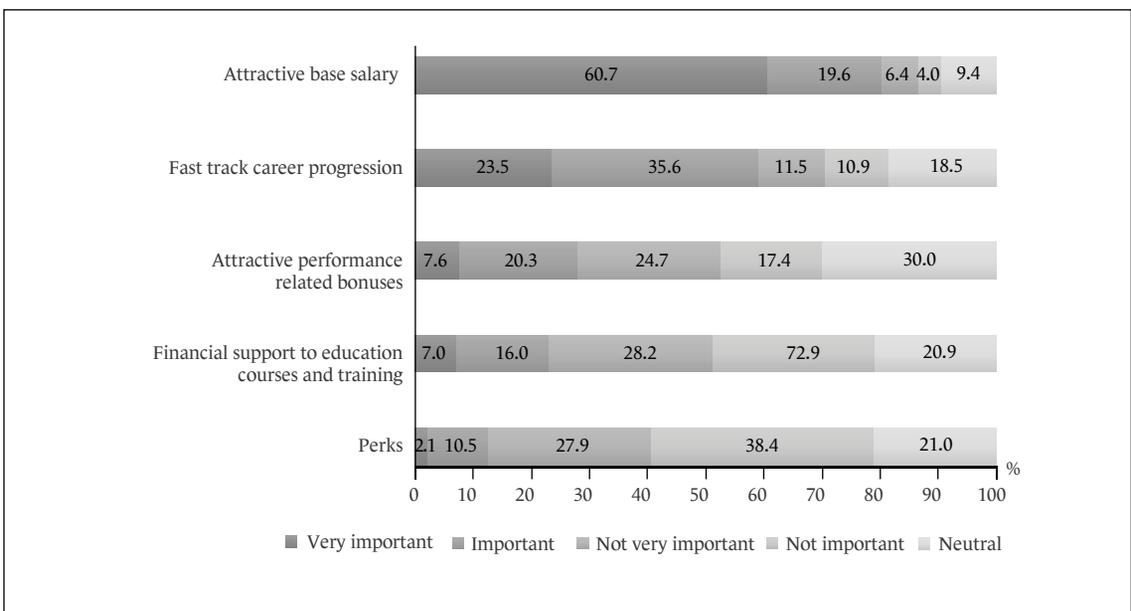


Figure 7  
Preferred employer – reputation and prestige

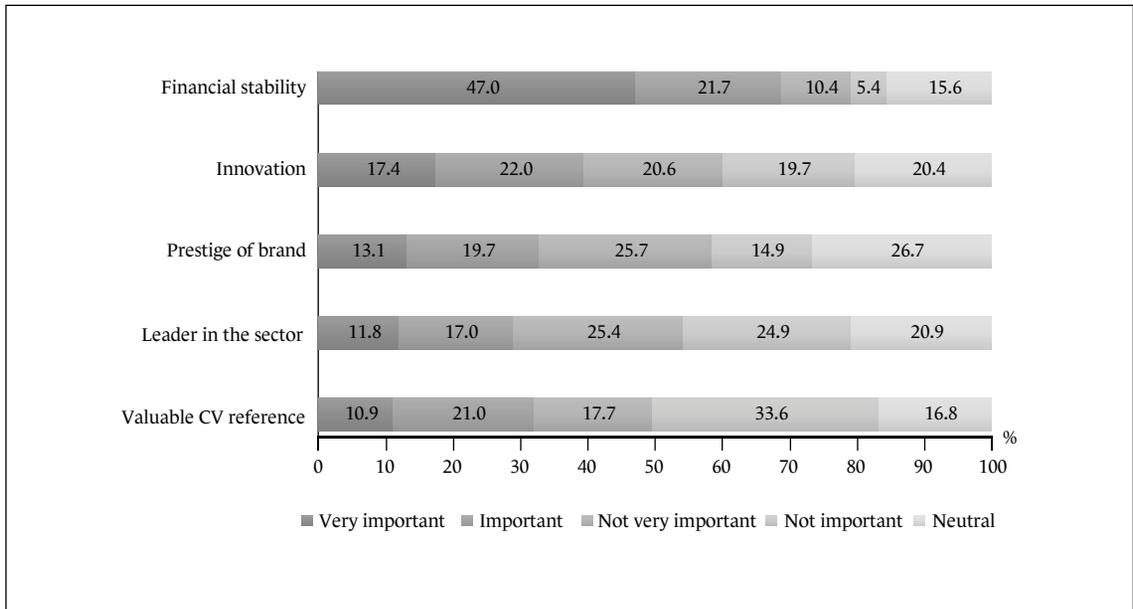


Figure 8  
Preferred employer – corporate culture

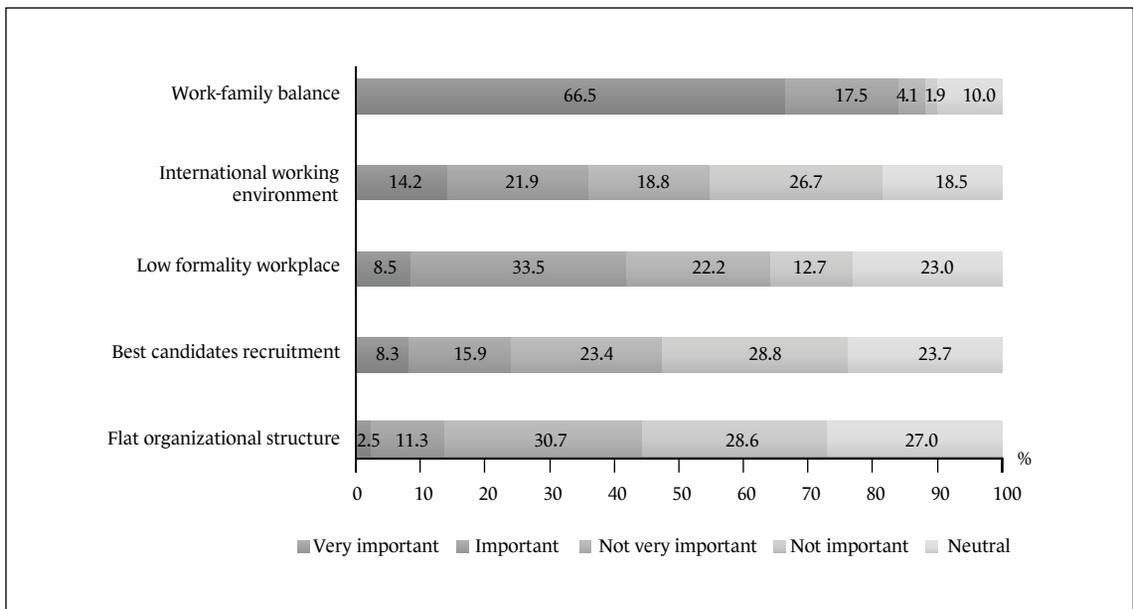


Figure 9  
Three most attractive sectors

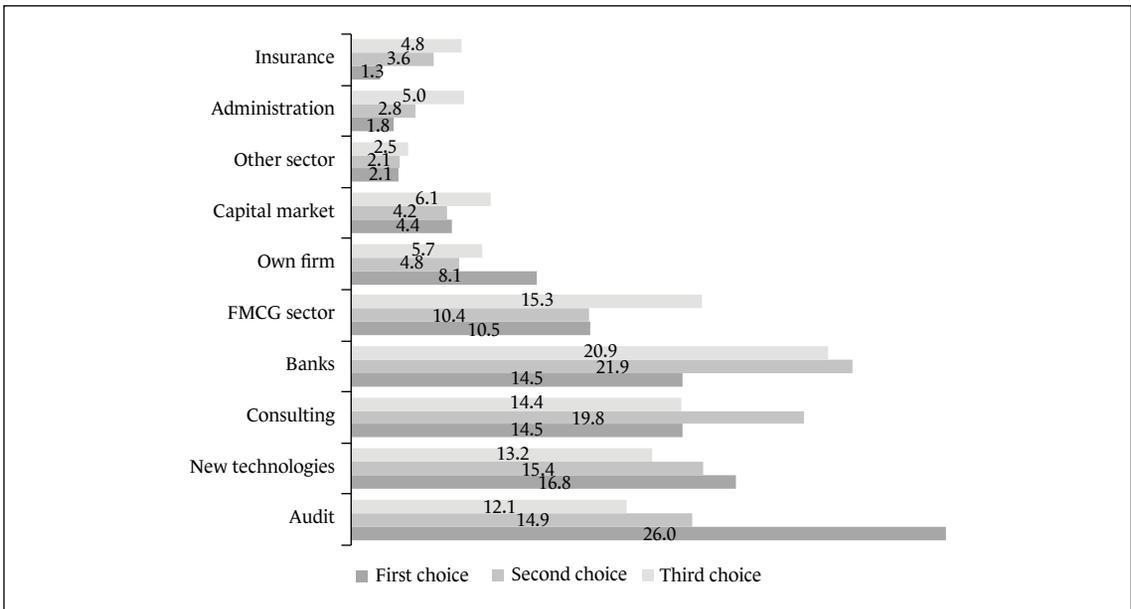


Figure 10  
Preferred bank department

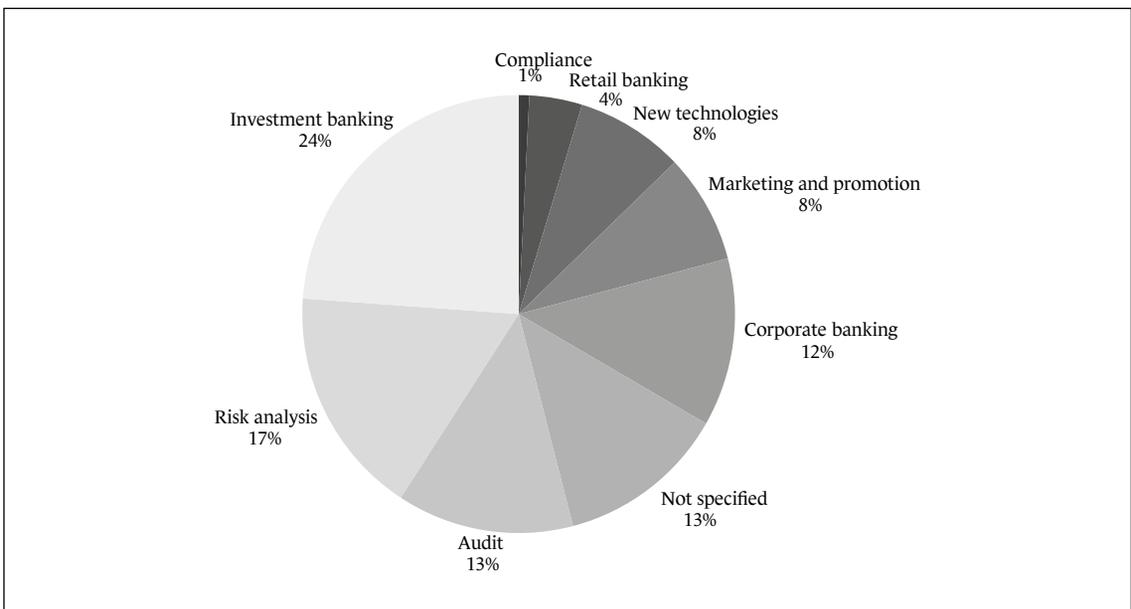


Figure 11  
Preferred type of bank

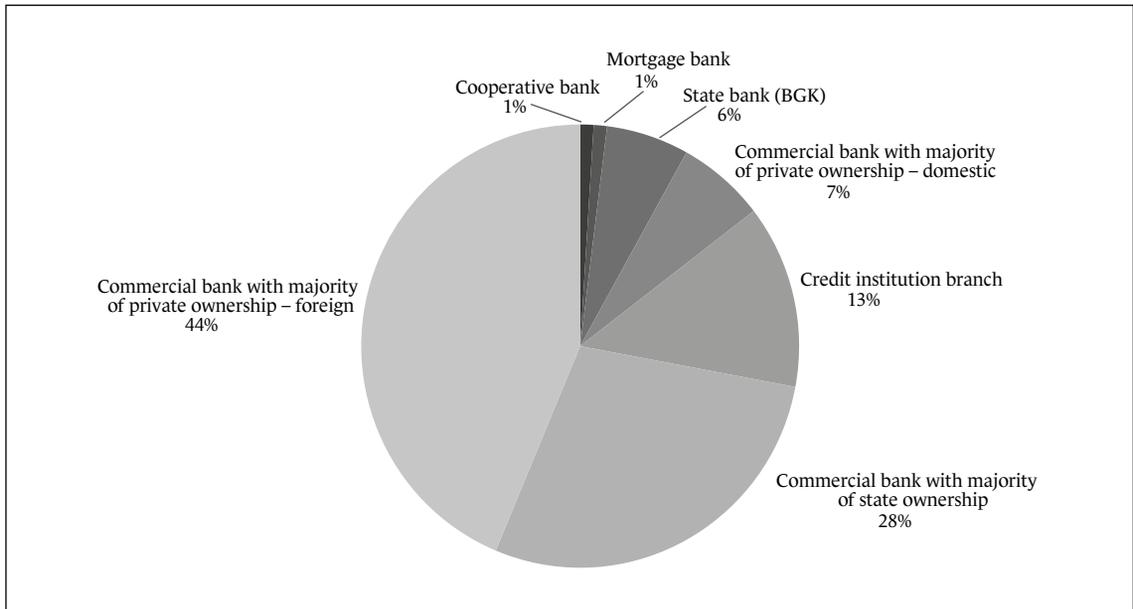


Figure 12  
Attractiveness of posts in banks as compared with preferred employer (opinions “very important” and “important” only)

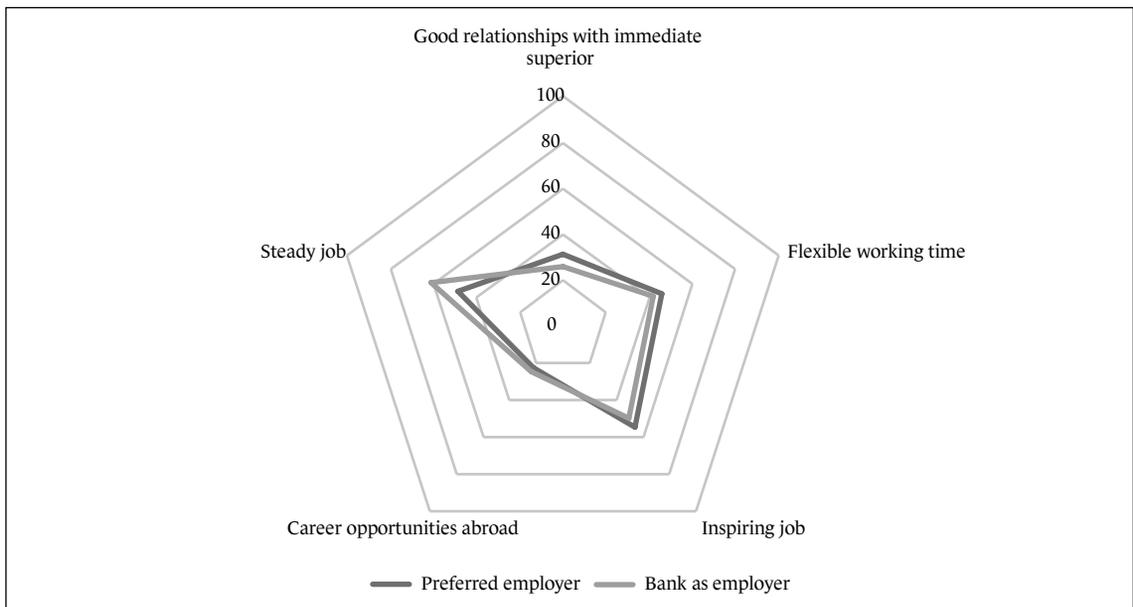


Figure 13

Salaries in banks as compared with preferred employer (opinions “very important” and “important” only)

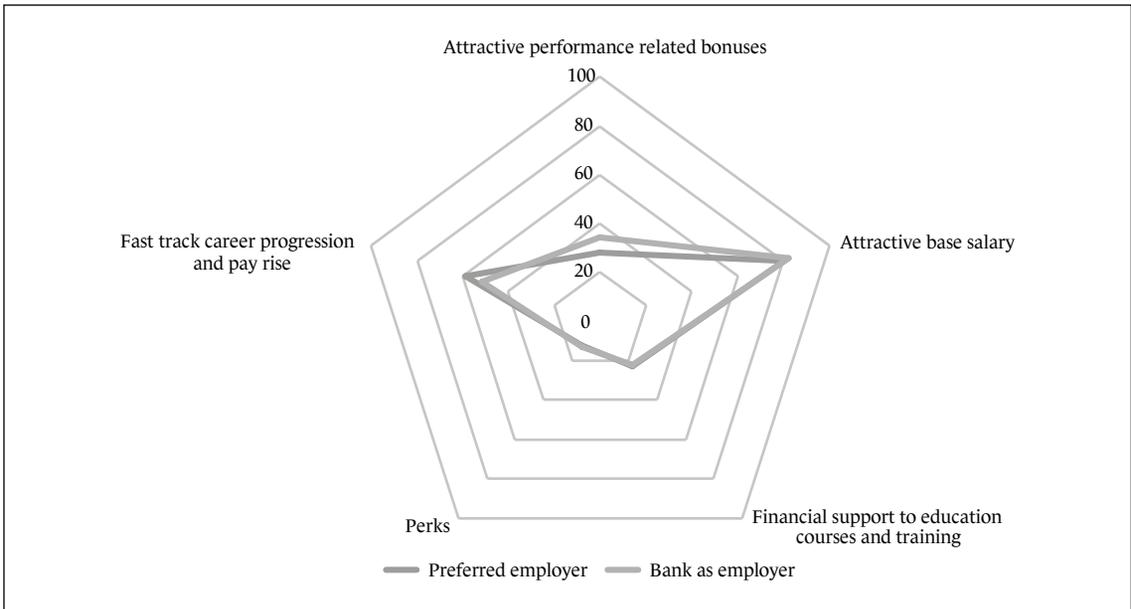


Figure 14

Reputation and prestige of banks as compared with preferred employer (opinions “very important” and “important” only)

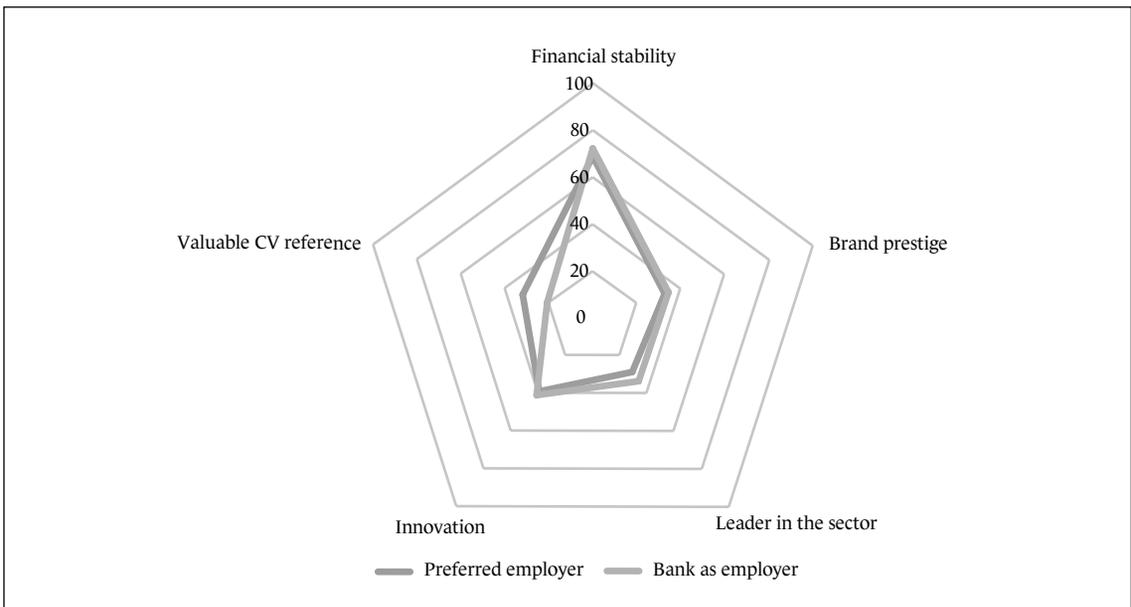
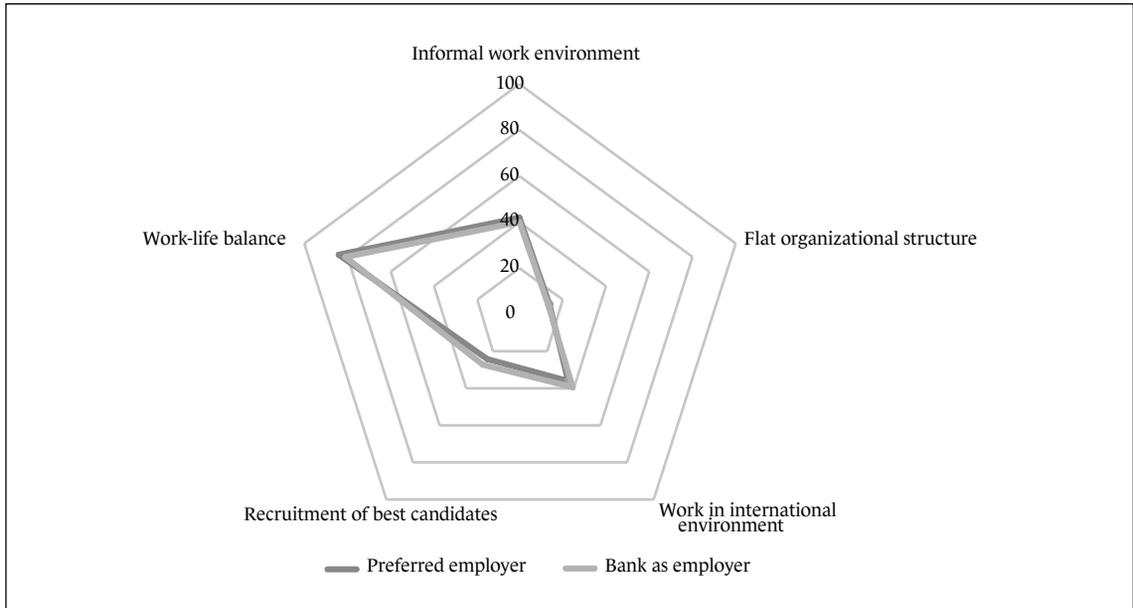


Figure 15  
Corporate culture in banks as compared with preferred employer (opinions “very important” and “important” only)



## Sektor bankowy w Polsce jako pracodawca – przesłanki i postrzeganie

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### Streszczenie

Celem opracowania jest identyfikacja głównych determinant postrzegania banków jako pracodawców przez młode pokolenie Polaków, na przykładzie studentów uczelni ekonomicznej, z uwzględnieniem czynników zmian systemowych w sektorze bankowym. W artykule określono wpływ regulacji prawnych, procesów konsolidacyjnych, nowoczesnych technologii oraz aspektów społecznych na zatrudnienie w bankach.

Jako hipotezę badawczą przyjęto, że banki w percepcji studentów – osób zaczynających karierę zawodową – są daleko mniej atrakcyjnym pracodawcą niż inne podmioty z sektora finansowego i spoza niego, co może stanowić istotną barierę utrzymywania przez banki konkurencyjności działania.

Wyniki badania wskazują, iż banki są wciąż uważane za atrakcyjne miejsce pracy ze względu na stabilność finansową, przy bardzo niewielkiej rozbieżności z profilem pożądanego pracodawcy. Pożyczany pracodawca powinien – według studentów – zapewniać przede wszystkim stabilność zatrudnienia i płacy zasadniczej, przy możliwości właściwego zbalansowania życia prywatnego z zawodowym.

Wśród poświadanych miejsc pracy w banku znalazły się przede wszystkim działy bankowości inwestycyjnej (24% wskazań), analizy ryzyka (17%) i audytu (13%). Najmniejszy odsetek wskazań miały zaś działy *compliance*.

Biorąc pod uwagę formę prawną i pochodzenie kapitału, studenci wybrali jako miejsce pracy przede wszystkim banki komercyjne z przewagą kapitału zagranicznego (44% ankietowanych) oraz komercyjne z przewagą kapitału państwowego (28%). Studenci chcący pracować w bankowości są przy tym bardziej otwarci na międzynarodowe otoczenie pracy niż ogół badanych studentów. Równocześnie godny podkreślenia jest stosunkowo wysoki udział studentów wskazujących na chęć pracy w bankach państwowych. Za mało atrakcyjne miejsce pracy studenci uznali zaś banki spółdzielcze i hipoteczne (w obu przypadkach po 1% wskazań).

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**Słowa kluczowe:** sektor bankowy, rynek pracy, nowoczesne technologie, regulacje ostrożnościowe, procesy konsolidacji