

Development of the workforce potential of the state company employees in the new industrialization of Russia

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Abstract — The key to the success of the new industrialization of Russia is financial system meeting the requirements of advanced development. The article summarizes the unique experience of state-owned PJSC Sberbank in the adaptation of front-office staff to a digital organization working conditions. The system of measures implemented by Sberbank to form new professional competencies in front-office employees was studied. Attention is paid to the current technological opportunities and risks in labor motivation management of the bank front-office staff. The methods of economic and statistical analysis, survey and included observation were used. Taking into account the fact that Sberbank holds the leading position in the field of work with front-office staff, it's important to observe this work within the framework of new industrialization of Russia. The annual engagement surveys involving more than 100 000 employees (published in the annual reports) as well as the economic performance of PJSC Sberbank proved the effectiveness of the established system of development of bank employees labor potential. The results of the study suggest that there is a limit to the employee engagement growth, by which one can get the opposite effect.

Keywords — *new industrialization, front-office staff, Russian banks, labor motivation, digital organization, employee competence, employee engagement.*

I. INTRODUCTION

New industrialization is a concept that is actively consolidated in the scientific and practical revolution. In the interpretation of V.M. Kulkov it has an integral character, including re-industrialization, neo-industrialization and super-industrialization [8]. In this article the focus will be on the peculiarities of working with human potential in the framework of the most promising, in the opinion of the authors, direction of new industrialization - super-industrialization. Super-industrialization (advanced development) is directly associated with the development of the new sixth technological order, which is actively being formed in the modern world. Its most significant elements are Nano- and biotechnologies, atomic energy, space technologies, artificial intelligence systems and global information networks. The most valuable experience in new technologies in banking services field has been

accumulated by the flagship of the Russian banking system, PJSC Sberbank. This state-owned bank has developed and tested a system of measures to adapt personnel to the requirements of a digital organization, which can be replicated in companies that are just embarking on the path of digital transformation.

II. LITERATURE REVIEW

The relevance of the topic is due not only to the significant role of the financial sector in the economy, but also to its inadequate theoretical underdevelopment. According to McKinsey experts, the success of the digital transformation of the Russian banking sector in the coming years will depend on whether banks can reduce the “digital backlog” from industry leaders, become open to cooperation with financial companies and take advantage of the opportunities that are opening up due to the rapid transition of customers to remote services (digital channels) [2]. In May-June 2017, Couchbase [4] in conjunction with Vanson Bourne [19] conducted a survey of companies with 1 000 or more employees from the United States, United Kingdom, France and Germany, studying their attitude to digital transformation, which covered 450 top managers. According to the survey, 80% of respondents fear not to keep up with the pace of digital transformation, 54% believe that if organizations lag behind its pace, they will lose business, or will be absorbed by competitors within 5 years.

The mobile economy has influenced not only the lifestyle and habits of consumers of banking services [18], but also forced to restructure the work with the bank staff. It was a fundamentally new challenge that required the development and implementation of non-standard, innovative HR technologies. For conducting digital transformation is necessary to observe balance of the three types of resources: technology, values, and employees - able to accept new technology. 87% of companies do not implement their strategy because people resist changes [3]. Special attention should be given to those employees who work directly with customers.

With regard to Sberbank, front-office employees are in the foreground of such interaction.

Russian authors draw attention to the fact that staff is the main asset of the Bank as a credit institution, which has the exclusive right to carry out a list of services, supplemented by a direct ban on the implementation of production, trade and insurance activities. Many Russian researchers studied the peculiarities of functioning of the banking system in the conditions of economic crisis and sanctions but did not analyze the peculiarities of work with personnel while banks are transforming into digital organizations [1; 5; 7]. In recent years, the role of front-office staff has been particularly increasing [9]. This category of employees accounts for an average of 37% of the total number of Sberbank's staff. They are is the "face" of the service organization, they promote products and services through an individual approach to each client, expand the product and service line, Bank depends on them in terms of improving the image of the company, expanding the range of service programs.

The purpose of this article is to summarize the unique experience of the state-owned bank - PJSC Sberbank in adaptation of front-office staff to the working conditions in the digital organization. Problems to solve:

1. To study the system of measures implemented by Sberbank to develop new professional competencies in front-office employees;

2. To analyze the effectiveness of the system for the development of the labor potential of Sberbank's front-office staff.

III. RESEARCH METHODS

The methodological basis of the study is a socio-synergetic approach, a modern understanding of the theory of human capital in the context of the Sustainable Development Concept, the Human Development Concept and the Decent Work Concept. We used the method of statistical analysis, the results of analytical and sociological research, the method of the included observation. The information and empirical base for the study was the Bank's Development Strategies, Sberbank's Annual Reports, materials of international consulting companies. The paper analyzes the results of annual Bank's front-office staff engagement surveys published in annual reports. The methodology of Sberbank's level of employee engagement study is transparent and standardized. It is based on the method of the global research and development center (Switzerland) of GFK in the field of HR management [6]. Therefore, the reliability of the results is not questioned.

IV. FINDINGS

Since 2009, Sberbank has been updating its development strategy three times, each time setting increasingly ambitious goals. On October 21, 2008, the Supervisory Board of Sberbank of Russia unanimously approved the Sberbank's Development Strategy until 2014 [11]. A course was set for maximum customer orientation and the transformation of Sberbank into a "service" company servicing individual and corporate clients. For this purpose, it was

supposed to carry out a technological update of Sberbank, the "industrialization" of systems and processes. Already in the first development strategy of Sberbank for 2009–2014, it was assumed that Sberbank's transformation into a service company and its "industrialization" would take place in two directions: 1) a substantial increase in the Bank's operating efficiency based on the most modern technologies, management methods, optimization and rationalization of activities in all areas due to the implementation of the Sberbank Production System, developed on the basis of Lean technologies; 2) Transition from simple initiatives to a fully centralized and automated front-office employee incentivizing system, upgrading the HR management system [12].

One of the key aspects of Sberbank's work in 2011 was improving the quality of services for individuals and reducing queues at the Bank's offices. To this end, the Bank created a quality management system for services, within which training programs for services for different categories of employees were implemented, and regular comprehensive assessments of the quality of services were carried out. A unified system for dealing with customer requests was created, including customer information support on the Bank's website, in social networks and banking forums. These initiatives allowed to increase the quality of service index, taking into account the work of the staff, the external and internal design of the unit and the speed of service, from 78% to 86%. In addition, the queues were significantly reduced: the share of customers waiting in the queue for more than 15 minutes (data were collected by units in which the Queue Management System was installed) for the year decreased from 41% to 13% [13]. This was the first, but very important success in the work of Sberbank's front-office staff, which led people believe that the organization of labor and the automation of operational processes can significantly change the results of their work.

The most difficult task of front-office staff mastering with new competencies was solved in Sberbank on a systematic approach, including the help of a well-thought-out system of new knowledge and skills training. However, in this article, the authors do not pay attention to the forms and methods of training, but to the incentives that let employees successfully complete the training. The least studied, but the most effective in relation to the conditions of the Russian Federation, was the creation of such a system of incentives for employees that would maximally correspond to the development strategy of Sberbank. Improving the remuneration system was aimed to motivate front-office staff to master new information, communication and sociable competencies.

Since the implementation of the principle of social justice and social inequality have become more acute in recent decades [10], Evaluating the performance of employees on the basis of the common principles recognized by the world professional community of managers [17; 20] has become the basic value of Sberbank. On January 1, 2013, the Performance and Reward Section was created in Sberbank's Retail Business. The restructuring of the bank's staff motivation system took place simultaneously with the construction of an automated system for managing operational and organizational processes

[14]. To successfully transfer all Sberbank employees to the automated basis of the new remuneration system, it was necessary to centralize and review and develop the IT systems. Imperfection of the IT system led to increased operational risks. *Operational risk* is the risk of loss resulting from inadequate or erroneous internal processes, actions of employees and systems, or external events. Particular importance relating to analyzed topic is the **risk of personnel** - the risk of losses associated with errors and illegal actions of Bank employees, their insufficient qualification, excessive workload, inefficient organization of labor in the Bank, etc. The staff risk had a downside: employees used IT and labor incentive systems imperfection for gaining additional points and unjustified profits. Therefore, in 2012, the process of collecting data on incidents of operational risk of self-assessment was refined, and work was also started on the scenario analysis. In this regard, risk coordinators were appointed in all structural divisions of the Bank, who identified, assessed operational risks, and informed about incidents [14].

During the analyzed period, the efficiency of front-office staff increased, there was a steady trend of reducing operating expenses to operating income before provisions. The result of the work done by the HR-division and Retail Performance and Reward Section, was a decrease in the turnover of front-office staff in 2016 compared to 2012 by three times, an increase in the engagement index by 15 points [9;13; 14;15;16] (Fig. 1).

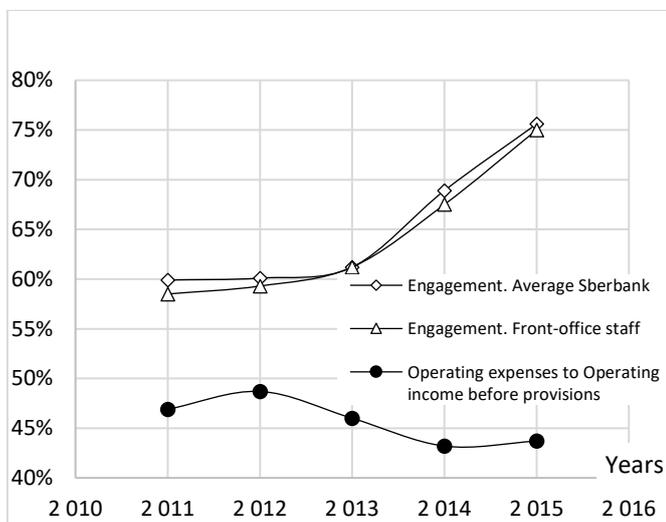


Fig 1. Employee engagement dynamics vs. Operating income

Figure 2 shows that front office staff engagement level influences economic efficiency (shown Operating expenses to Operating income before provisions) severely; coefficient of determination is exceeding 0,8.

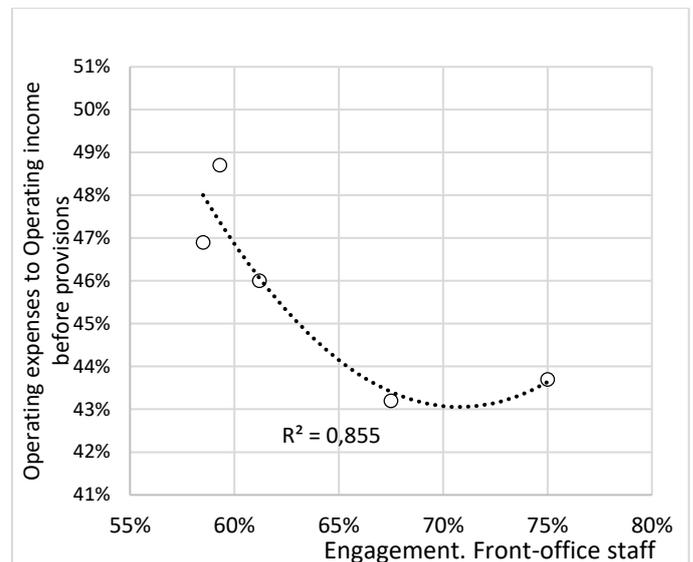


Fig. 2. Influence of front office staff engagement level to relative operating income

The same scheme shows the output of the considered dependence on saturation, there is reason to believe that a further increase in engagement will not lead to a further reduction in relative operating expenses.

V. CONCLUSION

The analysis shows that in the new industrialization of Russia Sberbank occupies a leading position in the field of working with front-office staff. The work on the formation of new professional competencies in front-office employees is systematic and covers all areas of work with the staff. The Bank's management paid special attention to the development of information and communication competencies of employees, without which it is impossible to transform a classic Bank into a digital organization. Increasing the effectiveness and engagement level of the front-office staff indicates the success of the activities. The results of the study also show that there is a limit to the growth of engagement, by which you can get the opposite effect as a result of the emotional burnout of employees.

Discussion of the results

Due to the specifics of the service organizations' activities they do not have the means of production, while offering an intellectual product through the means of distribution in a highly competitive environment. This entails stricter requirements for qualification, motivation of employees, atmosphere in the team, puts at the forefront the tasks of attracting and retaining the necessary staff for the credit institution, creating a system of measures to overcome resistance to changes and to develop the required technical and communication competencies. The success story of the leading state bank in Russia in developing the labor potential of front-office employees requires further generalization of experience in order to obtain a multiplier effect in the Russian banking system. One of the most significant areas of research should be the analysis of the incentive system reform as one the most

significant means of increasing the motivation of front-office staff to the formation of new competencies and content of labor.

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