

Hr management in georgian banking sector

[Business](#), [Management](#)



Human resource management (HRM) is a major determinant of any organization's performance and its success in the marketplace. HRM is increasingly claimed to be a key critical resource and source of competitive advantage in the modern global economy, especially with the rise of the service economy. Everyone will agree that HR development and management cannot be seen in isolation but in the context of the business and operational environment. The high level of competition in the market, increased awareness and quality consciousness of the people, changing social values, increasing emphasis on good corporate governance, etc. have influenced the changes in the environment in a significant way. Over the last years, there has been a remarkable increase in the size, spread and activities of banks in Georgia. The number of bank branches rose considerably during the last period. The entry of new banks intensified the competition to attract and retain customers. So, there is considerable need in HR management to properly handle with increased workforce. Performance appraisal and salary ranges are most significant and problematic issues in banking industry.

In Georgian banking sector these issues are not well developed; hence, we are going pay close attention to them. Banking is very emerging industry in Georgian market. This is caused by the improvement of country's economic situation. In the past years the number of banks has significantly increased. The most successful ones among them are: Bank of Georgia, Cartu Bank and Bank Republic. Concerning improving economical situation many foreign organizations are investing in Georgian market, especially, in banking sector.

Regardless of problems interviewing HR managers and getting sufficient information concerning Georgian banks, we managed to collect some data about several banks' HRM issues. We have to mention that, banks do not have well-managed HR system, due to some reasons. But, in the future they are going to improve the existing situation. As we have already mentioned intention of this report is to discuss how the following processes are implemented in Georgian banking sector: HR strategy and policy We are going to discuss several issues in the HR strategy and policy.

One of the most important topics is Organizational structure and Recruitment. Motivation is undivided part of any job in any organization. Banks, operating in Georgia mainly have financial motivators. There are myriad of effective motivator tools, which banking sector uses. For example, Standard Bank uses salary increase as the major motivator tool. Employees' salaries are raised according to degree of their performance. Also, they use group incentive plans. For example, if a department performs well, group is rewarded by some amount of money.

They also use recognition-based awards, specifically, non-financial recognition. Recently, for example, Standard Bank's Executive director- Imran Hizar Hayat awarded 3 sales people from sales department. At Cartu bank at the end of the year, they award the best employee from different point of view (the most loyal employee, the most active and etc.). Nowadays they organize photo competition. At Bank Republic there are New Year's and Easter premium, which every employee gets, if they do not have get any

reprimand. There is a bonus on performing the action plan at the end of the year.

Also, there is a bonus for credit officers, who are oriented on sales and executing a plan simultaneously. Performance appraisal Performance appraisal is the most developed in banking sector. Banks in Georgian market appraise their employees mainly by their immediate supervisors. More sophisticated mechanism is in Cartu Bank Human Resource Department. Employees are appraised according to departments. Each department has its functional plan (what work has to be done), which is written based on past performance. In this case head of a department appraises his/her subordinate and Top management is also involved in this process.

Appraising employees through department is very important and valuable; some departments are interrelated and weakness of each department can be articulated easily. So, management will be able to improve performance of the weak department. According to our research the reason Standard Bank did not have performance appraisal system is that this bank was very small and other fact is that subordinate and manager were not working with each other enough time (minimum working period between subordinate and a manager is 6 months).

In the future this bank is planning to appraise employees based on managers. Managers will evaluate their subordinates' work, according to their competences; there will be five competencies and in each competence there will be several levels. Bank of Georgia has different performance appraisal system. They use 360-degree appraisal system, which is one of the

most objective tool to evaluate. Performance information is collected all around an employee from his or her supervisors, subordinates, peers and internal or external customers.

For Bank of Georgia this system is bases for providing feedback.

Performance appraisal is very important issue and is different in every organization. This is why some banks refused to give the information about this topic and kept this information confidential. Trainings It is very appreciating that trainings are very actual in Georgian banking sector. There are several types of training; the most widespread is training connected with new products and training for new employees.

HR department in banks, have experience in assigning outside seminars (some employees are sent to polish their skills and improve performance). In Standard Bank, employer assigns training courses to new comers, as well as existing employees. Newcomers are trained about their duties and they are taught how the whole system works, which is called first level training. In the case of Standard Bank, they do not assign training courses according to employee's gap in the performance; instead, existing employees ask by themselves for training courses in the field they have less understanding and knowledge.

Apart from this they have several types of trainings, such as stress, service+ and qualification improvement trainings. These are called second level training. Cartu Bank has connections with Leader's school, where Cartu Bank's employees are provided with valuable trainings. Bank Republic has a

high level Training Center aiming at accelerating the development of performances, team spirit, communicationandprofessionalism.