Successful Banking Management through Communication

(A Case Study on the Necessity of Implementing Foreign Language Skills)

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Abstract: The aim of this paper is to develop on the topic of successful banking management through communication, by analysing the outcome of a survey we have carried out with the employees working for Raiffeisenbank.

Keywords: management, communication, banking, education, business English, language skills.

Introduction

Management is the key to business and a binder that holds all elements of business together. Good management will determine the success of a business; bad management will cause its ruin. All definitions confirm the fact that management is “a social process...planning, control, coordination and motivation” (Brech, 1957), “management is getting things done through other people” (Douglas, Cook, Hendricks, 1972). The concept of management is easy to understand but harder to state; yet, one of the most popular definitions of management belongs to Henry Fayol (1916), according to which “to manage is to forecast and plan, to organise, to command, to coordinate and to control”.

It is not the aim of this paper to discuss the theories of management or the functions of management; our aim is to develop on the topic of successful banking management through communication, by analysing the outcome of a survey we have carried out with the employees working for Raiffeisenbank.

People are the heart of any business. The quality of the people determines the success of the business, especially in banking. Many investors base their investment decisions, almost entirely, on the strength of the people involved in that venture, knowing that the experience, skills and personalities of the management team have a stronger impact on the long term chances of a business than the product, or service provided. It is for this reason that investors and lenders are likely to review the management quota of a business plan before they go into details. According to George James, Sr. V.P. & CFO Levi Strauss & Co, “we want to know how people will be used and how managers are training their people and preparing for succession and success”.

The terms HRM (Human Resource Management) and HR (Human Resources) have largely replaced the term personnel management, as a description of the process involved in managing people in organisations. In plain English, HRM means employing people, developing their capacities, utilising, maintaining and compensating their services compatible with their job and organisational requirements. HRM is seen by practitioners in the field as a more innovative view of a work place management, than the traditional approach.
Its techniques force the managers of an enterprise to express their goals with specificity so that they can be understood and provide the resources needed by the employees to successfully accomplish their assignments. Consequently, “HRM techniques, when properly practiced, are expressive of the goals and operating practices of the enterprise overall”. (Luecke, R., 2003: 128). Other definitions of the HRM were given by Torrington and Hall (1987:49) “a series of activities which: first enable working people and their employing organisations to agree about the objectives and nature of their working relationship and, secondly, ensures that the agreement is fulfilled”.

All modern theories emphasise upon the fact that humans are not machines; therefore an inter-disciplinary examination of the people in the workplace is needed. Besides other responsibilities the HR Department has, training and development is also important, as we are in a continuous transformation and progress, therefore the skills of the employees must be upgraded constantly.

In the case of banking, for a successful management, besides knowledge of finance, the employees also need communicative competences and foreign language skills. The phrase “communicative competence” was introduced by the American linguist Dell Hymes in the 1960s. He used it to reflect the following key positions on knowledge and use of knowledge:

- The ability to use a language well involves knowing how to use language appropriately in any given context (in our case - banking);
- The ability to speak and understand a language is not based solely on grammatical knowledge (when using a foreign language in a business context);
- What counts as appropriate language varies according to context (business or socialising);
- Learning what counts as appropriate language occurs through a process of socialisation into particular ways of using language through participation in particular communities (economic / banking communities).

Communication is very important in business, as banking deeply relies on interaction. The process of communication has been defined by several scholars, and we shall mention only two definitions which fit the topic of our paper: “a process in which participants create and share information with one another, in order to reach a mutual understanding” (Rogers, 1995:35), “social interaction through messages” (Fiske, 1990:2).

It is very important for the people working in banking to be able to communicate with their clients; therefore they must have good communication competence, as communication with the clients ensures the success of the business; at the same time, foreign language skills have paramount importance. Properly trained bank staff who, besides professional competence, also have good language skills, and language competencies will be able to face most of the challenges and requirements of a competitive sector, such as banking.

Nowadays banking is more and more referred to, as a service industry, rather than a profession. As a result, a bank looks like a financial services conglomerate, able to carry out basic services, such as acceptance of deposits, lending, foreign exchange transactions and bill finance, investment management and corporate financial services. A bank is not an isolate organisation, it is expected to do its business within an environment determining its operation, interest rates, exchange rates, profit and expansion opportunities, as well as the particular
resources it needs in order to properly function, i.e. staff, customers or clients, buildings, premises, etc.

After the events of 1989, the banking sector has developed dramatically in our country. Due to the dominance of US corporations and world markets, and their influence on global institutions (such as the World Bank and International Monetary Fund (IMF)), the language of banking used in Romania, has been invaded by Anglicisms. Fast changes concerning economy and banking have taken place in Romania, as a result of the globalization process, and have generated the necessity of accepting new words. Nowadays, we frequently accept words of foreign origin, especially Anglicisms, to name new thinks, terms, concepts, for which Romanian has no equivalent. It was mainly the mass-media that spread these words, which are rapidly adopted in our vocabulary. Sometimes, due to a relative linguistic training in English, these words were improperly used. Therefore, the study of English, especially business English was and still is a priority.

Despite the tools nowadays available to identify, develop, and measure language needs and abilities, there is neither a global agreement on the most effective strategies for realizing these goals, nor enough research data to determine what these strategies should be. Banks seeking to implement a successful language strategy have to choose what is most efficient for their employees, from a large range of methods, tools, and suppliers. Economic benefits of language proficiency cannot be achieved without successful strategies used in acquiring a foreign language, especially English, which is a must in banking. Therefore, if the linguistic level of the employees is below the expectations, bank managers should organise trainings in this respect.

Some of the specific questions bank managements should answer, before implementing an intensive English programme are the following:

1. What is the relative penetration of English as a lingua franca and what are the growth expectations for its position in global labour markets?
2. What level of proficiency in English is required for different levels and types of jobs?
3. What are the best tools for banks to assess language proficiency?
4. What are the best approaches for banks to implement language proficiency development?
5. What are the potential contributions of technology tools to language proficiency development?

Technically, any EU official language is at the same time a working language, but using the term for all European languages is only politically correct. There are at present, 3 de facto working languages in the banking system (Bugarski, 2009: 111): English 60%, French some 30%, and German (up to) 10%. These percentages are only a rough estimate based on different sources, because it is hard to work out precise overall statistics.

Nowhere is the tendency of speaking English more evident than in the day-to-day work of large multinationals and foreign banks. As these organisations have groups or individuals of different language backgrounds with some knowledge of English, therefore their only channel of communication is English, in other words, the more languages, the more English (Deswaan 2001:144). The language needs of bank employees are increasing and the fact that important banks are engaged in such vast efforts to define and assess their language needs, clearly indicates that they recognize the importance of English language proficiency for their performance.

A low level of English proficiency has had a negative impact on banks in general. The impact of poor communication with
customers is very important, therefore most banks in Romania have a special department for foreign investors, and the employees working in those departments are/should be fluent in English. English seems to be a must for the people working in banking, for the following reasons:

- English is the lingua franca for in-company communication when the parent bank has personnel from abroad working in Romania;
- The bank employees have to do business with foreign companies working in Romania, and negotiate with potential foreign investors;
- The bank employees share expertise, participate in functional training, or lead various international projects;
- They need to understand the banking language as many words in official documents are still preserved in English, and not translated (there is no Romanian equivalent);
- Foreign trainers come to the Romanian banks and the training is always in English;
- Some employees are relocated, (for promotion reasons or to improve their expertise) and they need to speak English, if they want to maintain their job;
- The IT systems used in banks have their programmes in English only;

Case Study

For the above mentioned reasons, the upper management of Raiffeisenbank has decided to organise some crash-courses of English (International English) for the employees of the whole network of Raiffeisen banks, all over Europe. To some extent we have also been involved in this project in Romania (off the record - linguistic analysis).

The need for business English competency grew, as the customers were mainly multinational companies, Raiffeisenbank had become an international bank, serving clients throughout Europe, and relying therefore on English as a common language to ensure excellent customer service and effective communication among its international work teams. Nowadays English is the official language of communication in Raiffeisen International Group. To share expertise, participate in functional training, or lead various projects, employees are expected to communicate in a lingua franca, which is English.

Like many other financial institutions, Raiffeisenbank continually strives to maximise the productivity and cost-effectiveness of its operations. The ability for employees, customers, suppliers and partners to communicate in a common language is crucial to that endeavour. Talent, development, retention and recruitment further drive the need for business English learning at Raiffeisenbank, where they focused on the development of their main employees, on promoting employee fidelity, motivation and satisfaction. Raiffeisenbank has English requirements for its employees when hired, but it does not test their level of English proficiency. The most important English requirements involve the ability to participate in telephone calls and in teleconferencing. As for the written language requirements, the ability to use English in e-mail communication is compulsory.

In a business climate, where efficiency in the development and utilisation of resources is essential, company training programmes must show concrete, measurable results, in order to prosper. Accessibility across a wide range of
geographic areas, work environments and IT systems are also crucial to Raiffeisen banks English Learning Programme.

In 2007, Raiffeisenbank implemented the International English Corporate Learning Service, to improve organisational efficiency, reduce training costs and provide equal learning and development opportunities to all employees across Europe. Since its beginning, the programme has been used by nearly 3500 employees in over 6 sites across Europe. Using the same learning service, the bank was able to offer the same high quality service to all employees in all their locations throughout Europe. Consequently, the bank has accomplished 60% savings in training costs, greater employee engagement, and significant productivity gains.

Other key success factors included clear executive support of talent development and the International English Programme, engagement of line managers and learners’ motivation and desire to succeed. Their motivation was enhanced through the celebration and promotion of individual achievements: top learners were presented in the company journal and intranet, and honoured in twice-yearly ceremonies in which they receive signed diplomas from top management. That also added visibility to the programme and encouraged other employees to participate.

After practicing business English in real business situations for three months, employees significantly improved word selection, sentence construction, and their confidence when communicating in English on the job. The improved English communication skills are helping improve the bank’s customer service, because the employees became more confident when talking to customers, as they could speak more accurately and more fluently. They were comfortable when discussing the details of an account in English and were able to solve customers’ problems faster. Most importantly, this improved customer confidence in the bank.

Results – Learner Satisfaction

The majority of learners rated the International English Programme as “excellent”, “very good”, or “good”. Learners particularly appreciated the flexibility of the service – the ability to study anytime, anywhere; to make progress at their own pace; to build a customised learning plan that met their individual needs. The International English programme was seen as one of the most successful and desirable learning programmes within Raiffeisenbank, as the employees really appreciated the programme as they could see how they could support the company and grow themselves, which indeed led to increased employee satisfaction.

Participation grew continuously- the average use per month for each active learner in 2009 has increased by 50% over 2008 and Raiffeisenbank now ranks in the top of corporations worldwide using International English, based upon total time spent on the site. At the end of the programme, employees were asked to specify in what areas of their job will help them the intensive study of English. Here are some of their responses:

- Improving service quality;
- Developing strategic business activities;
- Opening new market segments;
- Ongoing market globalization;
- Reacting to rapid changes in technical constraints.

Percentage of learners who have improved in key business situations:

- Ability to understand documents in English: 83%
• Ability to produce and understand business English correspondence: 79%.
• Ability to respond to questions and offer assistance in English: 67%.

Conclusions
In conclusion, three distinct areas of economic impact and global benefits from a language training initiative have been identified. The three areas that lead to a more successful banking management, due to better communication are:

• Improvement in participant language behaviour, translating into speedier handling of phone calls, and faster and more effective e-mail communication;
• Reductions in contract delays and specific breakdowns due to language barriers;
• Improvement in company procedures.

Practice has proved that banking management is successful if several requirements are met regarding the professional, communicative and language skills, if they are properly mastered by the employees. From the point of view of business, banks do not rely on numbers only; they also rely on people, and are efficient if communication is efficient, too. Communication in a bank is not restricted to Romanian only, as foreign investors need to speak directly with the banker (customer privacy) and not use a translator. The top management needs to communicate with the headquarters of the parent bank, and the channel is always English. There is a considerable price to be paid if corporate global and local communications fail, or are ineffective, due to poor language proficiency of the employees.

In some international banks, such as the European Central Bank in Frankfurt, although most of the employees are German, the language of communication is English. It is a sign that experience has proved that successful bank management cannot do without communication, and this communication in English is a must. It seems that the Germans have already understood that successful bank management is more complex than in theory and, we should follow the German model in this respect.

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