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<b>Editorial office</b>	European Science Review “East West” Association for Advanced Studies and Higher Education GmbH, Am Gestade 1 1010 Vienna, Austria
<b>Email:</b>	info@ew-a.org
<b>Homepage:</b>	www.ew-a.org

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Kuznetsov Andrey Nikolayevich,  
Odessa National Economic University,  
Senior Lecturer, Department of Organization Management  
E-mail: akuz@ukr.net

## Impact of personnel labour motivation upon solution of bank development strategic goals

**Abstract:** the article is devoted to the issues of existing links between bank development strategy and personnel motivation. Original definition of bank development strategy is offered, and the necessity to improve personnel quality assessment methods for further development of bank competitive strengths and stability is justified.

**Keywords:** bank, strategy, motivation, development, competitive strengths, effectiveness.

In current situation of Ukrainian economics functioning and its banking sector operation there is an increasing necessity to solve the problems related to strategic development of banks and formation of personnel labour motivation for effective solution of strategic issues.

Increasing banking crisis in Ukraine leads to swift augment of insolvent banks, eventually, there is a necessity to refine methods of antirecession bank management; meanwhile, the processes of bank personnel management gain their particular importance. They are implemented via the motivation system and formed on the basis of various tools and methods inducing bank employees to effective activities. Therefore, the research on bank personnel motivation for solution of its anti-crisis strategy tasks is vital nowadays for the majority of modern bank institutions.

Various aspects of personnel work motivation impact upon bank development were analyzed in works of national and foreign scientists like: O. Volgina, L. Kuznetsova, N. Lobanova, Y. Maslenchenkov, V. Mischenko, Y. Odegov, P. Rous etc. Nevertheless, commencement problems of the bank personnel inspiration process upon the bank strategic development under the conditions of crisis are still due to further research.

**The aim** of the given research is the identification of interrelation and connection between bank development strategies and work motivation of its employees.

It is necessary to outline that there are various approaches in definition of the "strategy". Initially the "strategy" meaning was used in the middle of the twentieth century by A. Chandler. He identified the term "strategy" as a set of essential long-term aims and objectives of the company, approved steps and resources distribution necessary to achieve these goals [1, 5].

Further the definition "strategy" was used to characterize target development features: market share increase (Boston Consulting Group); strategy of transfer from competitive struggle to contest for a potential client (client-orienting approach); value chain (M. Porter) etc.

The aim of our research is to identify the meaning of bank development strategy. Conducted analysis of scientific publications allows concluding the absence of shared vision to the definition and specific features of bank development. We agree with the statement expressed by Y. Maslenchenkov showing

that it is necessary to distinguish general strategy of the bank as unified direction of its operation from the strategy of particular bank business development on the basis of system approach to the problem solution (goal achievement) in unorthodox situation on the chosen horizon (interval) of bank operation planning. The number of bank development strategies can vary due to imperative factors of business intercourse (legal provisions, macro environment, share of external micro environment) and discretionary nature of business intercourse (share external and the entire internal bank environment) [2, 132].

Fiercer competition on the financial market due to globalization led to identification of bank development strategy with consideration of necessity to develop competitive strengths. As to current situation the bank development strategy is in itself the description of its imaginary but desirable (mostly favorable) condition, development of which aims to form and maintain long-term competitive strengths on the target markets, reflects quantitative targets of bank development and those internal changes to occur in perspective for further improvement of competitiveness.

Development strategy aims to achieve long-term competitive strengths providing necessary efficiency of bank capital and its operations and represents a set of actions for development objectives and bank functioning within the given period of time as well as ways of resources use for achievement of the identified goals.

In our view bank development strategy — is an estimated sequence of interrelated steps made by managers that lead to continuous competitive strength on the market of bank services and facilitate implementation of innovations and amendments that aim to increase effectiveness and bank stability.

The proposed definition gives an opportunity to justify the bank development strategy as a concept of its stable development from existing state to anticipated target one, i. e. the bank with all the essential competitive strengths, obtained on the basis of rational managerial decisions made by the bank personnel. For the possibility of effective decision making by the personnel it is necessary to create bank personnel management strategy, bearing in mind that it is the integral part of general bank development strategy. Meanwhile, one has to consider that one of the most important constituents of the management strategy is motivation.

In the Encyclopedia of Banking and Finance by Charles J. Woelfel motivation is defined as internal aspiration and desire that serves as an inducement or driving force for every single person or a group of people that challenge them to act in a particular manner and to abstain from certain steps [3, 775].

We have to outline here that in its turn work motivation possesses its own motivational strategies: strategy of achievement and strategy of abstinence.

The art of bank personnel management is composed of ability to combine these very strategies and substitute them deliberately due to the objectives of strategic bank development.

To solve various tasks of bank employees motivation — both tactic and strategic, effective managerial personnel assessment methodology is required. First of all, it is necessary for objective understanding of available managerial resources, this is quite vital, especially on the stage of extension and development of the bank, when new goals and objectives are set out and new directions of bank operation are opened. This assessment does not lose its importance in crisis situations as well, specifically when there is a need for strong and tight-knit managerial team able to take responsibility for unorthodox anti-recessionary decisions [4, 320].

To achieve strategic goals of bank development it is necessary to employ various methods of bank employees motivation. There are four basic methods to improve motivation and increase ability to deliver good results amidst personnel:

- system of personnel encouragement, based on the reinforcement hypothesis (material method);
- regulation of employees' behavior via goal setting, or management on goals (goal method);
- job enrichment and re-projecting method based on the alteration of work characteristics (method of job enrichment);
- involvement of employees into management process (participative principle).

It is necessary to mention that modern banks in Ukraine employ all the above-mentioned methods in formation of their motivation system.

Within the implementation of work motivation system in bank for performance of its development strategy tasks the main attention should be paid to the development

of indicators that identify the efficiency of motivation and they are traditionally called key performance indicators (key performance indicator, KPI).

There are two essential types of key performance indicators: leading indicators and lagging indicators. Meanwhile lagging indicators are quite easy to identify (they include the most of financial indicators), the leading indicators (or as they are sometimes called — value drivers) are not that easy to choose. Formation and employment of work motivation system for bank employees will allow [5, 138]:

- To diagnose distinctions in motives of different bank employees categories, both at the stage of personnel recruitment and formation of working groups;
- To perform choice of promoting tools and ways of impact upon the personnel of the bank;
- To optimize financial results of bank activities;
- To influence not only on the material and safety motives but to use wide variety of socially important motives formed due to needs, values and interests of the personnel and clients of the bank.

**Summary and recommendations.** Therefore, effective solution of bank strategy development tasks by the personnel under nowadays circumstances requires improvement of existing methods used to form employees' work motivation.

During development of work motivation system it is necessary to use: awareness on the bank employees' motives, continuous agreement between personnel needs and possibilities of the bank in relation to their performance, meaning that it is necessary to collate systems of inducing and motivation of the personnel and elimination of discrepancies that might appear here. This means the transfer from labour inducing to work motivation, when every offered promotion is based on precise needs of bank employees.

Performance of tasks for competitive strengths formation and achievement of anticipated effectiveness of bank operation depends upon both professionally developed strategy and personnel motivation.

Personnel that is able to see its bank as perspective employer can be more lawful and interested in achievement of the strategy goals of the bank development. Therefore, this very information shall be delivered to the other interested parties, i. e. bank clients.

To achieve the said goals there should be used a code of ethic principles for banking as well.

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