

## **The Impact of the Professional Training on the Reputation of the Romanian Banks**

Anamaria Mişa

*The Bucharest University of Economic Studies, Romania*

[fundaanamaria@gmail.com](mailto:fundaanamaria@gmail.com)

### **Abstract**

*The article analyzes the relationship between the professional training of employees and the reputation of Romanian banks. Numerous researchers have emphasized the importance of reputation for an organization and more and more of them show the role of human resources in this process. With the help of in-depth half-structured interviews with 30 employees of the main banks in Romania, we tried to analyze the status of the training programs in these companies. At the same time, we explored the idea of professional training and the role it plays in building the company's reputation. Although the study has a subjective character given by the type of research, namely, the qualitative one, we can conclude that the financial-banking institutions in Romania aim to build a positive reputation but fail to outline authentic and efficient training programs for its employees.*

**Key words:** reputation, employees, training, professional improvement

**J.E.L. classification:** M53

### **1. Introduction**

Reputation is an objective and a goal assumed in today's society by both individuals and organizations. At a brief analysis, we will notice that the interest in this subject increased exponentially around the year 2000 after researchers began to explore other assets owned by a company, independent of financial ones such as profit or turnover. In recent years, numerous researches have shown that reputation has huge benefits in creating trust and favorability for a particular company or institution. At the same time, although there are various approaches regarding how we can build a positive reputation, researchers have not yet arrived at a general method that can be applied when we talk about this process. Of course, fields such as marketing and communication have proposed different models, but modern theories that talk about the "new economy" place more and more emphasis on the role that human resources have in representing the company and in managing the organization's reputation. In this sense, the professional training of employees and their preparation for the "banking of the future" is becoming an increasingly serious topic to treat. Our article aims to make the connection between the training process and the reputation of Romanian banks. "Are professional training programs effective for employees?", "Is there a need for such programs?", "Are Romanian bank employees aware of the role they play in building a good reputation for the company?", "Are bankers professionally trained to assume this function?". These are some of the questions we will try to answer through our paper. Although we recognize that research has its limitations, we believe that it gives us a relevant picture of the subject and can be followed and developed through further studies.

### **2. Literature review**

#### **2.1. Reputation - theoretical approach**

A great challenge arises from the way we define the concept of "reputation" because it is complex and difficult to deal with in scientific research. Authors working in different fields define the term "reputation" from different perspectives and this aspect makes that this concept does not have a

uniform definition and varies depending on the perspective approached (Barnett, Jermier, Lafferty, 2006). Thus, the term can be treated both by the field of sociology, communication and marketing, law but, of course, also by management (the approach we will prefer in this study). Our analysis can only begin with Fombrun's definition, which offers us a complex perspective by understanding reputation as "the way a company is perceived based on its past actions but also on future prospects, behavior that describes the company's image compared to its main competitors, as it is perceived by the relevant actors" (Fombrun, 1996). In addition, reputation is "formed over time on the basis of the organization's actions and the way it has behaved (Balmer, Greyser, 2003) and" reflects the state of affairs of the company both internally towards employees and externally towards relevant partners" (Bromley, 2002). "Corporate reputation is the general evaluation of the company made by stakeholders over time" (Gotsi, Wilson, 2001). Herbig and Milewicz consider that reputation is "the consistency of the organization's actions over time" (Herbig, Milewicz, 1995). Reputation is the general, time-stable judgment of an institution" (Highhouse et al, 2009). "In common language, reputation is a characteristic or attribute given to a person (company, industry) by another (...). Specifically, it is, as a rule, used as a prediction regarding actions that may occur in future" (Wilson, 1985). If we were to make a synthesis of how the term reputation was conceptualized according to the field of research (sociology, marketing, law, economics, management), we can conclude that this is the result of the company's "social legitimization" process. Concretely, this aspect comes down to the way the company is perceived according to its past and future actions but also its ability to create added value for various stakeholders. (de Castro, Navas Lopez et al., 2006).

## 2.2. Reputation management

In recent years, the interest in obtaining a good reputation for the organization has gained more and more importance, in particular, due to the fact that trust in companies and institutions is decreasing. This utilitarian approach (which brings to mind the main object of companies, that of obtaining profit) is complemented, however, by the deontological one through which corporations propose moral objectives through CSR and ethical actions (Helm, 2011) ). The reputation of corporations is an intrinsic asset of it and gives it a competitive advantage that materializes in increasing the performance of the organization. (Brønn & Brønn, 2015). In order to be successful, organizations must find complex means by which they can effectively interact with multiple stakeholder groups. So, if reputation is considered one of the most relevant assets of an organization, it can no longer be reduced to standard processes. of communication and marketing but becomes a problem of management and leadership. (Liehr-Gobbers, Storck, 2011).

With the help of an assumed management of the reputation, the organization can strengthen its status, identity and image in order to increase the efficiency both in business and with regard to the complementary objectives of the company. Money and Gardiner (2005) defined the foundations of reputation management as integrity, consistency in actions, tradition or sustainability over time of the organization. In order to effectively manage their reputation, institutions need to carry out an analysis to identify and know very clearly what expectations exist in the market regarding their activity. This diagnosis must be made from the complex perspective of all stakeholders, the actors with whom they interact (Fombrun, Van Riel, & Van Riel, 2004). Since the term "stakeholder" is frequently used when it comes to the study of reputation, it is necessary to define it. When we approach this term - stakeholder - we refer to employees, customers, competitors, suppliers, shareholders or investors, actors who have a role in the internal and external environment of the organization and who are impacted by its activity. (Wartick, 1992). Building a good reputation is largely influenced by how the organization interacts with relevant stakeholders. On the one hand, the media and social media, the communication departments send messages to the actors in society. On the other hand, daily reports are made through employees. If we refer to the process of building a good reputation, we can say that it is assumed, in the first instance, by the members of the top management. Subsequently, this type of behavior should be reproduced at the level of the entire organization so that, in the end, it becomes an organizational culture derived from the actions/processes/behaviors promoted by the management of the institution "Following the formation of the corporate culture, it is essential to ensure that the institution is perceived by all stakeholders who are in contact. Several premises influence the process in question. The first of these premises is

the beliefs of individuals about enterprises. It can take hundreds of years to build reputation and culture; long years of credibility and the disappearance of a culture can take place in weeks or every few months (Davies, 2002)." Thus, it becomes obvious that organizations cannot maintain a good reputation, over time, when only a small part of their staff undertakes this objective. Even if we are discussing here a strategic consistency of a company's board, their actions are not enough to shape and preserve the company's reputation. It is vital that this desired must be assumed by all team members in all departments and, in this sense, it is absolutely necessary to evaluate the employees' perceptions of the reputation of the institution in which they work. (Fombrun, 1995). Thus, we can conclude that human resources have a strategic role in shaping a positive image for the organization in which they work. However, it is interesting to analyze if they are aware of the role they have in this regard and if they are properly trained within the organization.

### **2.3. Professional training of employees and reputation**

In the specialized literature, a widely accepted definition of the concept of "training" of employees refers to that activity planned with the aim of developing the learning skills of the human resource so that they acquire skills, knowledge and attitudes that will be useful to them in professional activity. (Noe, 1986; Schmidt, 2007). From the employer's perspective, the professional training activity serves the goals and needs of the organization and is built on the principles, values and practices found in the company (Huerta et al., 2006). In the lines above, I have shown that a value of great relevance for economic and social actors is building a good reputation with the help of the human resource they possess. However, the involvement of employees in the organization's activity and the assumption of different roles is closely related to the success of their continuous professional training process (Coyle-Shapiro 2002; Costa et al. 2019). Continuous improvement methods and training become necessary when the organization wants to use its human resource in quality processes or various methods of company development. (Kim, Kumar, and Kumar 2012). Following empirical studies, researchers have concluded that training is a key ingredient in the successful implementation of quality management. (van Assen, 2021). "Creating an infrastructure in which employees on various levels are trained and empowered in the continuous improvement process, will lead to a more successful continuous cycle of improvement that can serve as a dynamic capability" (Anand et al. 2009). Thus, the general view of the researchers confirms that training is more than necessary when the organization wants that the employees to participate assumedly in improving quality and management. (Flynn, Sakakibara, and Schroeder 1995; Jurburg et al. 2017). Employees with professional autonomy are much more proactive in their work and constantly look for new opportunities for their individual development but also for improving work processes, they are much more creative and manage to propose innovative solutions when they encounter complex problems. (Kirkman and Rosen 1999). A rather limited part of the literature emphasizes the role of employees in supporting the company's reputation in an organic and healthy way (from the inside out) based on an assumed behavior in which they believe. These ideas go as far as talking about "a lifestyle related to the brand of the organization (Martin and Hettrik, 2006). Such an involvement of human resources in reputation management is desirable because employees who buy into the organization's values and principles can very easily be transformed into corporate ambassadors (Dreher, 2014).

### **3. Research methodology**

In order to analyze how the continuous training of employees contributes to building the reputation of the organization, we started a series of in-depth interviews with thirty employees from the financial-banking system in Romania. We chose this area because we believe it is relevant to our research from several perspectives. First of all, banks in our country are organizations where there is a tradition of professional training policies and structured training programs. Secondly, companies in this field interact with relevant stakeholders (customers, the community), to a large extent, through employees. As such, they are key players in creating their overall perception of the organization. Then, knowing that banks are institutions that work on the basis of trust, they become a representative field to study when we discuss reputation. Last but not least, Romanian banks have a serious concern to reconsolidate their reputation (Oprescu, 2015) after the economic crisis of 2008 and a series of

commercial errors made at the beginning of the privatization of the sector (the phenomenon of loans with the ID card is an example of this ). Once the sector in which we will carry out these interviews is established, we have selected a series of three banks, the most relevant in the system, institutions that accumulate a third of the market share in Romania (Banca Transilvania, Banca Comercială Română and Banca Română pentru Dezvoltare).

As a research method, we used in-depth semi-structured interviews because it is a method that allows us to observe a complex phenomenon - the attitudes, perceptions, beliefs of employees in the financial-banking system. At one extreme of the freedom-rigidity continuum, non-directive interviews are characterized by a small number of questions, their spontaneous formulation, (theoretically) unlimited duration, large volume of information, complex answers centered on the person interviewed with possibilities of repeating the interview. (Chelcea, 2001). These characteristics are extremely useful because the purpose of our research is to analyze in depth the professional training system in Romanian banks. In order for the selected respondents to be representative for this study, we used sampling based on a predefined purpose. This is desirable when issues related to a certain typology of subjects are studied (Babbie, 2010). In our case, the answers of certain departments of the bank (human resources, communication, sales) were relevant at the expense of the more technical ones (IT, audit, accounting) in order to manage to capture the reality on the ground on the chosen topic. Using purposive sampling, we built a group of interviewees consisting of employees who hold a crucial role in the organization's reputation management.

The interview included ten questions and focused on three directions. First of all, we were interested in finding out what the employees' perception is about the professional training programs carried out in the company they belong to. In this regard, we asked questions about their content, usefulness and success of their implementation. If the answers received were not satisfactory or were considered too vague, we asked additional questions to clarify the topic to encourage them to complete them. In the second dimension of the interview, we analyzed the level of awareness and involvement of employees in the bank's engagement programs, in particular, in those related to the management of its reputation. In this regard, I asked questions such as: "Are you voluntarily involved in the bank's CSR programs?", "Do you know what the bank's values are" "Do you believe in the bank's values?" "Do they define you?". Last but not least, we explored the idea of professional training and the role it plays in building the company's reputation. Thus, we tried to identify the opportunity to implement training programs and the need for continuous learning in order to build a good reputation for the bank. Thus, we formulated questions such as: "Do you think that your level of professional training helps to build a good reputation for you?" "What about the bank?", "Do you think you need training to create a good reputation?" .

Face-to-face interviews with employees from the most representative banks in Romania helped us understand the de facto situation regarding professional training programs and how they support a good reputation for organizations. Of course, we are aware of the limitations of this research. Although they bring a higher level of complexity in responses than questionnaires, in-depth interviews have an increased degree of subjectivity due to the emotional involvement of the subjects in the given context.

#### 4. Findings

The main topics I researched revealed the following:

*The trainings are formal, theoretical focused on technical information.* For the first dimension of our interview, the stake was to find out what is the status of training programs in Romanian banks, from the perspective of their employees. The general perception shows us that financial-banking institutions attach great importance to this process. Although the COVID-19 pandemic has brought a challenge in delivering face-to-face training programs, banks have built and developed increasingly competitive and attractive eLearning platforms. The problem arises, however, with the content of these programs, content that is evaluated as unattractive by the majority of the subjects interviewed. In their opinion, the courses are theoretical and focused on the part of procedures and rules that must be mastered. Very rarely, they deliver trainings of learning new and current skills and abilities. The few programs in the bank that address areas such as leadership, empathy, emotional intelligence or communication are oriented exclusively to the management area and they ignore the employees from

the execution even though they are the bank's interface, day by day, in discussions with customers (a crucial stakeholder). Also, moving the training processes online, on eLearning platforms, led even more to their formalization and loss of consistency.

*Employees as actors in reputation management.* A topic increasingly addressed, today, by the human resources departments of private companies is the degree of employee involvement in the bank's complex processes. In one of the previous chapters. I have shown that a fulfilled employee at work will be much more efficient and involved in the activity of the institution where he works. Thus, during our conversations with Romanian bankers, we analyzed their perception regarding the bank's engagement programs, in particular, those related to reputation management (the subject of our research). The conclusions were particularly interesting. First of all, it is relevant to specify that the answers were divided between the companies' management and the people working in the front-office. If employees with higher functions are aware of their role in the reputation building process and are aware of the permanent need for upgrading to maintain a good status, the executive staff, although much more exposed to interactions with stakeholders, do not know very well the values and policies of CSR of the bank. Also, the latter are burdened with routine, simple and repetitive tasks and lose sight of the major objectives of the bank.

*Training as a solution.* In the perception of Romanian bank employees, training is a formal activity that they follow because that is how their schedule is structured by their superiors. As this learning action becomes an obligation, it is difficult to believe that it can achieve its goal. When employees have the idea that the training is being forced, is predominantly used to strengthen it, or "when employees consider the common improvement method as too rigid, then the adherence to the use of a common improvement method and training for continuous improvement becomes counterproductive". (Parker 2014). However, when asked to identify a solution that could enhance their personal and organizational reputation, most respondents identified learning, training and education as their primary answer.

*Redesign of training programs.* A relevant perspective of our conversations emerged regarding the need to redesign the training programs that are implemented in banks in Romania. After the COVID 19 pandemic, all these processes related to employee education must be reformed in order to meet the needs of employees and the market. Of course, the technical skills related to internal systems and procedures are necessary, but, according to the employees, today's society, in full change, also requires other skills. Asked if they feel professionally prepared to represent the banking of the future, most of the subjects answered with a resolute "no", which denotes the need to build professional training programs that respond to the lacks felt by employees and that build the profile "the banker of the future". Moreover, most interviewees believe that they need training to be able to assume roles in the bank's reputation management.

## 5. Conclusions

The association between employee training and organizational reputation is an area that needs more attention from researchers. A learning organization is one that allows and encourages the organization and its members to experiment, to learn from past experiences and to be able to adapt quickly to changing demands (Marsick and Watkins, 2003). While Senge (1990) describes the importance of developing core learning capabilities (i.e. building a shared vision, developing and testing mental models, and developing systems thinking) for building reputation, Jamali (2006) concludes that organizations should have specific learning characteristics (eg learning culture, team building and shared vision). However, these studies are predominantly theoretical.

In the context where more and more banking operations are carried out through banking applications, in the near future, Romanian bank employees will have different tasks and will have to learn to represent the company in all their actions. The quality of the conversation in the banks will be a mandatory aspect to keep the institution in the market. Thus, the reputation and training of employees will become an essential principle of differentiation in the financial-banking market. This is one of the reasons why we wanted to observe the situation regarding the professional training of employees in relation to reputation management in Romanian banks. So our study showed that while there are clear concerns about training, it is not the most effective from the perspective of employees. The training processes are theoretical and do not take into account objectives such as the reputation

of the organization. Although bank employees in Romania look rather disinterestedly at the proposed learning programs, they are aware of the need for learning claimed today, more than ever, by the transformations brought about by digital banking. The conclusions of our interviews, as set out above, are interesting but not sufficient. In order to be able to observe the impact of professional training on the reputation of Romanian banks, we also need to analyze the perception of other stakeholders in relation to this subject. This is the direction we will pursue in our future research.

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