

**MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE**  
**UKRAINIAN-AMERICAN CONCORDIA UNIVERSITY**

Faculty of Management and Business  
Department of Management

**Bachelor's Qualification Work**

**Personnel management in a banking institution**

(based on JSC CB "PRIVATBANK" case)

Bachelor student of the 4<sup>th</sup> year of study

Field of Study 07 – Management  
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Specialty 073 – Management

Educ. program – Management

**Dmytro Gorbenko**

Research supervisor

**Liudmyla Serova**

Ph.D. in Economics

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**Abstract** Topic – Personnel management in a banking institution (based on JSC CB “PRIVATBANK”)

The bachelor’s work is devoted to the key understandings of personnel management and its implementations in a financial institution. In particular, the work gives a special attention to the examples of HR management in PrivatBank as well as the company’s economic pillars, external and internal environments, as well as past and future developments. The paper has shown that the aspect of personnel management was and will stay essential to the performance of any organization, and especially of a bank. Despite the economic troubles and growing use of AI, the role of a personnel manager will not stop being relevant and important.

During the research, the paper utilized the materials from the company “PrivatBank”, such as its management structure, dynamics of financial indicators, financial statements, social position, and initiatives. The paper makes conclusions about the general efficiency of personnel management in PrivatBank, and on the basis of that provides suggestions for its increased performance.

**Keywords:** human resources, artificial intelligence, performance assessment, personnel structure, credit risks

### **Анотація**

Бакалаврська робота присвячена базовим термінам управління персоналом та його застосуванням у фінансовій установі. Як приклад, у роботі приділено увагу управлінню людськими ресурсами у ПриватБанку, а також його економічним основам, внутрішнім та зовнішнім впливам, минулим та майбутнім розвиткам. Робота показує що питання управління персоналу було і буде фундаментальним щодо існування будь-якої компанії, особливо банку. Незважаючи на економічні проблеми та зростання використання ШІ, роль менеджера персоналу не втратить свою актуальність та важливість.

Протягом дослідження, у роботі були використані матеріали компанії “ПриватБанк”, такі як структура управління, зміни фінансових індикаторів, фінансові звіти, соціальні позиції та ініціативи. Роботою зроблені висновки щодо загальної ефективності управління персоналом у ПриватБанку, та запропоновані способи її поліпшення на основі цих висновків.

**Ключові слова:** людські ресурси, штучний інтелект, оцінка ефективності, структура персоналу, кредитні ризики

**PHEE-institute «Ukrainian-American Concordia University»**

**Faculty of Management and Business  
Department of International Economic Relations, Business and Management**

Educational level: **Bachelor degree**  
Specialty **073 “Management”**  
Educational program **“Management”**

**APPROVED**

Head of Department \_\_\_\_\_

**Prof. Zharova L.V.**

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**TASK  
FOR BACHELOR’S QUALIFICATION WORK OF STUDENT**

\_\_\_\_\_ **Dmytro Gorbenko** \_\_\_\_\_

(Name, Surname)

1. Topic of the bachelor’s qualification work

**Personnel management in a banking institution** (based on JSC CB “PRIVATBANK” case)

Supervisor of the bachelor’s qualification work \_\_\_\_\_ **Serova, Liudmyla** \_\_\_\_\_,

(surname, name, degree, academic rank)

Which approved by Order of University from **“25” September 2023 № 25-09/2023-1к**

2. Deadline for bachelor’s qualification work submission **“25” April 2024.**

3. Data-out to the bachelor’s qualification work \_\_\_\_\_

**The bachelor’s qualification work is a research that is based on the available resources on the web as well as the information that was learned through the duration of the internship, along with the resources provided by the company.**

4. Contents of the explanatory note (list of issues to be developed)

**The bachelor’s work is to introduce the reader to the fundamentals of personnel management in a financial institution, its significance and difference from human resources in a typical organization. On top of that, the paper is tasked to study this issue in PrivatBank, as well as its recent trends and how might they shape the company’s present and future.**

5. List of graphic material (with exact indication of any mandatory drawings)

**The work uses charts for graphical representation of percentage data, tables for comparing**

indicators from different time periods, and schematics for representing the company structure.

Time Schedule

No	The title of the parts of the qualification paper (work)	Deadlines	Notes
1.	I part of bachelor thesis	10.12.2023	In time
2.	II part of bachelor thesis	27.02.2024	In time
3.	Introduction, conclusions, summary	25.04.2024	In time
4.	Pre-defense of the thesis	29.04.2024	In time

Student \_\_\_\_\_   
(signature)

Supervisor \_\_\_\_\_   
(signature)

Conclusions (general description of the work; participation in scientific conferences/ prepared scientific article; what grade does the student deserve):

The bachelor qualification work of **Dmytro Gorbenko** is committed to the personnel management in a banking institution. It is a fully independent research of the personnel management aspects and trends. The work is made from an introduction, 3 main parts, as well as conclusions and suggestions. The volume, design, and structure of the paper are all according to the modern requirements for a bachelor's degree. The information in chapters are all relevant to their themes and the overall topic of the work. The graphic materials add up to the presented information and provide analysis from a different perspective. The bachelor work suggests the ways of improving the company's management and performance, which gives it a practical value. The bachelor thesis of **Dmytro Gorbenko** is recommended for defense.

Supervisor \_\_\_\_\_   
(signature)

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## INTRODUCTION

Banking institutions have been an important part of our everyday lives for many decades now. Their services are being used by billions of people daily, may they be needed for business, government projects or even things as simple as going to a grocery store.

Financial institutions have significantly simplified these activities as well as inventing new beneficial ones. For example, people can use the credit services to not simply borrow and return money, but to also maintain credit scores which prove their reliability to others, or to afford housings through mortgages as well as numerous more benefits. This is all without even mentioning the convenience of money storage and the security of it. All resources of a client can be accessed through a phone and be kept on a card or a cell at the bank, instead of keeping it all to themselves under a threat of theft. Because of this, when a person tells you that they do not trust banks, that person is still likely using their services without even realizing it.

Additionally, financial institutions are also one of the main pillars of modern economics. They are momentarily affected by any economic or political changes and can also indicate any developments in a country's productivity. Even commercial banks play a major role in economics and can be used to improve or even boost it. By offering loans, banks help creating startups, businesses, new jobs and facilitate the productivity on the market. They also generate capital which is also a driving force for any country.

Additionally, such highly ranked institutions as central banks are even more essential for our lives as they provide additional stability and security for economic stability. They serve the government and provide services for other commercial banks but also have access to tools like reserve requirements, which can stabilize the currency even during inflation. In general, banks are far more valuable institutions than most people are used to thinking and their areas of operation spread across many sections of our everyday activities.

Despite all the things listed, there have been numerous events in the past several decades that have affected banks greatly and have even further outlined their significance. One of the most notable events in the last decade was COVID-19 pandemic. This outbreak

has slowed down nations across the globe and the financial institutions were at the top of the list of affected sectors. However, they were also the means to maintaining stability during these times. Central banks of many nations have lowered their reserve requirements to stimulate the economics and they also launched numerous services of helping clients during the pandemic.

Although the consequences of the pandemic were overwhelming and many are still recovering, without the aid of financial institutions much more people would become homeless, businesses of all levels would fail worldwide and possibly economics of entire nations would fall beyond recovery.

All the examples listed above are just the most obvious proofs of importance of banks. Because of how important these institutions are and how fundamental their services are to different areas of society; it is essential to have the right people work in these organizations.

Those responsible for human resources need to study potential employees, investigate their background, education, recommendation letters from school or previous work and other valuable information. If a bank has unqualified subordinates, it can pose great number of risks beyond than reputation worsening or bad reviews on the web. Unfit staff can pose risks to the bank as their inattentive approach towards customers' credits, savings or confidential information can result in serious losses or leakages of personal information. Moreover, if these problems appear in central banks, the consequences can become even more global as they may touch the national matters.

Due to the overall necessity of banks and proper employment regulation in them, the issue of personal management can be considered important in modern circumstances. This paper is devoted to studying personnel management in a financial institution and it will do so by first breaking down the main principles of this activity and how it is practiced in modern institutions. This paper will then go into detailed reviews of environments of management in a bank by using PrivatBank as an example. It will describe its approach to this aspect as well as if recent events in Ukraine have made any impact on the terms of it. The paper will conclude the topic by introducing suggestions to how personnel management can be improved in PrivatBank which will be based on the information covered as well as

modern trends in business and economics. The finale to the study will be presented in a form of conclusions regarding the topic.

## **CHAPTER 1. THEORETICAL FOUNDATION OF PERSONNEL MANAGEMENT IN A BANKING INSTITUTION**

### **1.1 The essence of personnel management as a component of the system management of a modern enterprise**

As was mentioned in the introduction, it is important for a company to make sure that they are hiring the best possible employees from the shortlist. However, even with the most skilled professionals, a company is still not covered from failures. Besides having impeccable subordinates, an organization requires a person or a group of people to use all of these assets in the most efficient way possible. This is where personnel managers come in and put everything into place. Their duties are composed of assigning specific people to specific duties based on their characteristics, specializations, education, or additional knowledge. When they choose a person for a position based on specific needs, it significantly increases productivity as people are comfortable with what they are doing, they have confidence and all the skills needed and will not get in the way of a team's performance.

The overall goal of personnel management is to smoothen the internal operations of a company. Because staff members are one of the largest components in virtually any company, this can only be achieved with them in the equation. Therefore, the management studies personnel behavior, activities, well-being and so on and make a record of anything they find important. Improving teamwork, workplace relationships, efficiency and job satisfaction will facilitate the smoothness of the work done and will allow the organization to perform better in many areas of their work. [1]

Personnel managers also take responsibility for duties like maintaining harmony within a team, providing training to newcomers, and also giving an opportunity of a career growth for most reliable and responsible subordinates. Despite that a person may work in comfortable conditions, absence of career growth often leads to people switching companies because lack of work diversification and sense of self value become very apparent with time.

Because of this, personnel manager is responsible for such matters in order to successfully make an employee stay in the firm.

**Table. 1.1. *List of popular reasons for staff quitting their positions***

TOP REASONS WHY EMPLOYEES LEAVE THEIR JOBS	
LACK OF CAREER DEVELOPMENT	22%
LACK OF SUPPORT WITH WORK/LIFE BALANCE	12%
MANAGER'S BEHAVIOR	11%
UNSATISFACTORY COMPENSATION OR BENEFITS	9%
POOR WELL BEING	9%

*Source: made by the author based on 1*

*Zippia*

Although the role of a manager is highly ranked, this person does not just sit in the office and give out orders. Personnel managers have to constantly communicate with employees, making sure everyone is comfortable and hearing out any concerns of the staff. They have to solve any conflicts, discussing wages and review the overall work conducted by the teammates. They therefore make any useful conclusions and decide on the ways of improving the productivity, may that be improving internal communication, adjusting income, promoting specific workers, or motivating staff more by using appraisal.

Besides making teamwork more seamless and improving overall satisfaction among subordinates, personnel management is crucial for other aspects of a company's operations. Proper use and distribution of staff members will significantly improve the way a company uses its resources. With more efficient structure of workforce, the cost of labor will decrease as the company would get more outcome from the job done. Personnel management also solves the human resource questions as it can also take on the roles of an HR manager. Additionally, this kind of management helps the company to promote the right people and potentially developing new supervisors for the future. If a person gets promoted and that worker does not have the right traits, a wrong leader will lead to whole teams ruining the output of an organization. [2]

Despite strategic management being one of the many branches of management profession, it also has its own subtypes. First popular type of personnel management is strategic personnel management. As can be figured by the name, this type has a lot to do with planning the staffing activities. In this scenario, a personnel manager is responsible for achieving specific goals of a company and is given access to the firm's current resources information. It is their mission to make sure that the organization carries out the set goals by the means of hiring new, professional staff, training and distributing them properly as well as ensuring stable teamwork. As was mentioned above, the efficient productivity and usage of company's resources will be the factors that help the company reach their production objectives.

The second main type of personnel management is tactical personnel management. It may be similar to strategic management in a way that the manager is required to hire new staff, but the latter type is focused on hiring and, in particular, keeping professional staff. Even if a company implements the best employees and has them working in harmony, nothing can prevent employees from quitting. To be prepared for such drastic changes, the manager is responsible to plan short-term and long-term contracts, developing appropriate schedules for staff and also developing staff resources for the firm. As a result, the company will have more faith in its future stability and will be able to adjust to the circumstances according to its staff availability, which is why this type of management is called tactical. [7]

The third type of personnel management is operational management. It is based around daily operations within a team, and it obliges the manager to make sure that the staff have everything they require to work at their maximum potential. These requirements can be abstract, like motivation, or physical ones like technical supplies, access to information and so on. While the previous two subtypes are based around work behind the scenes and the preparations made before taking new employees, the final type is much more about urgent challenges that can be faced on everyday occasions when working directly with new staff. [3][8]

The process of personnel management itself is usually divided in 3 main stages: pre-hiring, training, and post-hiring. The stage of pre-hiring, as can be guessed from the name,

is about the arrangements that have to be made before new staff is taken. It is about activities that the management has to do in order to find the right candidate. This goes from making job postings on special platforms to interviewing and shortlisting. The stage of training involves taking the new employees and adapting them to the production pipeline. It involves teaching new staff, planning their training ahead, getting them to know their colleagues and making sure that they know and able to do everything that they need for the role. Finally, the post-hiring stage involves actions done with the staff after they have successfully become a part of the team. This includes performance assessments, promotions, appraisal, bonuses and more. [9]

Although the subject of personnel management has been around for quite a long time, it did not lose its importance and is still essential even for modern businesses. All the information generated from hiring, training, and promoting staff can be stored, compared, and then used for analyzing current labor market and also making predictions for any future trends in it.

By supposing the future changes in workforce tendencies, the company can come up with new roles to adjust to the market or give additional training to their existing staff to keep up with the trends. The organization can conclude on which roles should they invest more into, how many people will they need to hire for them, or which roles should be less promoted or even removed eventually. A company can also study the effectiveness of their training programs and can adjust them in the future to help their future staff adjust faster and bring profit in a shorter time frame. [4]

Different companies take different approaches to their personnel management style and manner, depending on what style will suit their goals the most. Google, for example, uses the relational approach to the matter as starting from the training, employees are developing connections to their coworkers and management. Google also has extremely large amount of workers, both online and offline, with a wide range of responsibilities. That suits their daily routine of addressing various tasks at the same time worldwide [10] Twitter, however, takes a different approach. Especially since the company got changed into X, the personnel management style has become different as well. The new headquarters made significant layoffs and enforced all employees to work on site in offices. All employees were

given longer shifts and threatened with termination if they complained about the adjustments. The company wants to achieve what they usually do with fewer people by giving people more duties instead of hiring multiple workers for small separate jobs. The personnel management in X is also far more conservative and stricter, and employees are not treated like friends by the management, which can also make sense if the bosses believe that relationships will delay success. [11]

In general, personnel management is a crucial aspect of the overall management system. The latter term is based around setting up a strategy of using a business' assets to meet the expectations set by the headquarters. The subject of personnel management can be useful for these matters because it also includes planning the utilization of the company's tools and using them in the least costly way. It also involves planning both the current actions and future plans, which also intersects with the strategic aspects of management systems. [6]

The issues of adequately planning labor expenditures are especially relevant in current global environment, when economics of many countries often fluctuate and plenty of things in business are far less predictable than they used to be. In recent years, many events have impacted the performance of businesses. The world has experienced a global pandemic, prolonged recovery from it, and numerous international conflicts that have forced companies to stop operating in whole countries, which also takes away the extra profitability a company can achieve. Massive lockdowns and tendencies to work from home have also forced companies to change their strategies in using their personnel.

Whole sectors of firms have been finding ways to survive in the uncertain economics and being able to achieve comparable level of profits while complying with constantly rising interest rates and government regulations. One of the main solutions to these problems has been looking at the human resource budgets and their costs for the enterprises. Many firms, especially those in tech sector, have found that they are overstaffed and a great amount of labor they invest in is either unprofitable or can be merged with other roles. As a result, they have laid off the least useful roles or shifted others into hybrid style of work because otherwise they would go bankrupt by spending too much money on unprofitable labor. [5]

**Table 1.2. Statistics of staff layoffs in tech industry**

**NUMBER OF WORKERS LAID OFF  
WORLDWIDE IN THE TECH/STARTUP  
INDUSTRY**

<b>JAN 2022</b>	1000
<b>FEB 2022</b>	5000
<b>MAR 2022</b>	6000
<b>APR 2022</b>	5000
<b>MAY 2022</b>	17000
<b>JUN 2022</b>	18000
<b>JUL 2022</b>	17000
<b>AUG 2022</b>	16000
<b>SEP 2022</b>	6000
<b>OCT 2022</b>	18500
<b>NOV 2022</b>	55000
<b>DEC 2022</b>	15000
<b>JAN 2023</b>	83000
<b>FEB 2023</b>	46000

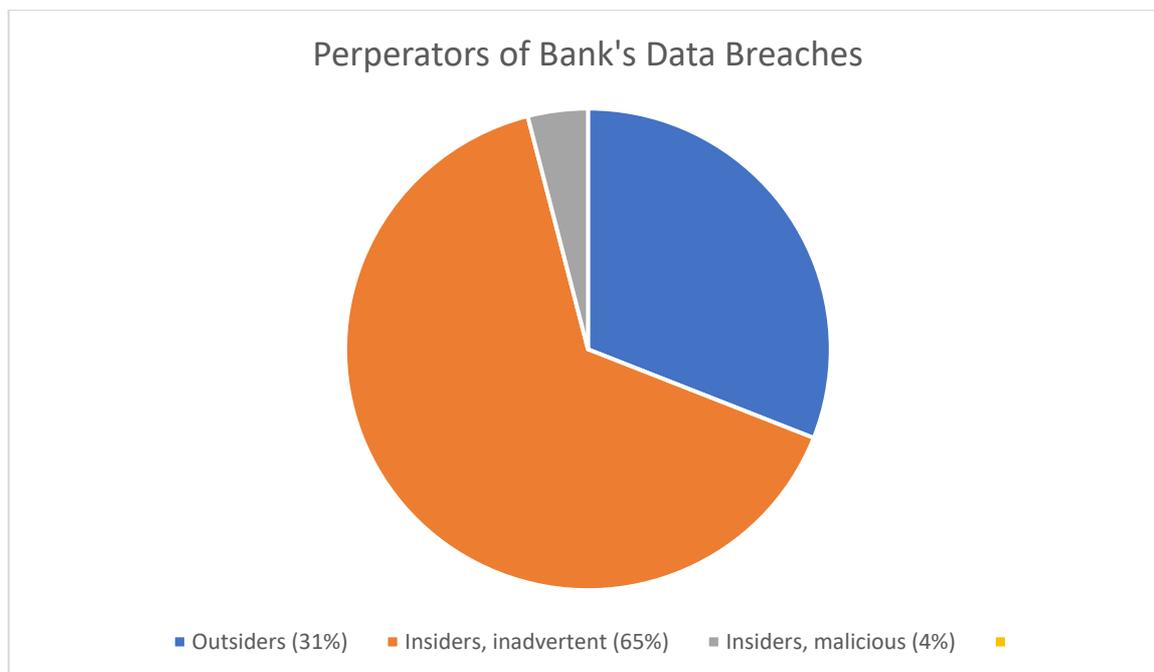
*Source: made by the author based on 2  
Science & Enterprise*

The table above shows the scale of layoffs in technical industry throughout the last several years. Similar actions were done by film and TV companies during the writers' strike in the US. Because movies could not be promoted during these strikes and their production was forced to pause, movie cut down on their personnel use as they would otherwise go bankrupt instantly. Examples like this show that personnel control should be adequate as even the richest companies can neglect this, which often leads to overstaffing and company supplies wasted for nothing.

## **1.2. Main approaches to organization and techniques of personnel management in a banking institution**

Personnel management has been established to be a sophisticated and strategically crucial part of management in business, and it is even more so when it comes to a financial institution organization. What makes personnel management more serious concern in financial environment than general labor is that the manager not only has to be proficient in all the aspects described in the previous chapter, but also has to be fluent in a bank's services, tools and technologies. Without that, the manager will hardly be of any use because their knowledge would not be applicable without knowing how to use them in a bank or how to train new coming employees to work with complex financial tasks and customer service. Speaking of which, a personnel manager would also be required to be aware of client service policies. Because the bank employees not only have to deal with analytical work but also with customer representation and problem-solving tasks, the manager needs to be educated in such manners as their knowledge determines how efficient will their team be in the long term.

While industries like construction, information technologies, game development and many more demand an employee to mostly know the general work pipeline and the productivity requirements from the headquarters, the banking industry heavily relies on customer satisfaction. Because it is a client-oriented business, meeting the customer needs and expectations as well as maintaining brand image is one of the most important quotas to meet. Even though a bank may have the best technologies, convenient mobile app and it keeps up with trends in the industry, should its reputation be hit and everything else will not matter. Another major area of responsibility is confidential information of customers and the company. A personnel manager has to make sure that their subordinates are responsible and know how to properly work with client's data. This step is a major risk for financial institutions as poorly trained staff are one of the main drivers in leakages of confidential information.



**Fig. 1.1. Percentage of reasons for bank information leaks in 2024**

*Source: made by the author based on 3*

*Truelist*

Although the graph is from 2017, the issue of unreliable staff is still important, if not even more troublesome, this year. This is due to the industry getting bigger, more people getting education and entering the market, and the overall tendency for companies to oversaturate their staff numbers. Because of this, arranging internal channels for banks is even more important than it is for other businesses.[16]

In banks, in order to make sure that personnel work will be as productive as possible, the arrangements have to be made even before the employees in question are hired. When shortlisting staff, the hiring managers of banking institutions conduct analysis of a person's background. While many job positions are known to require background checks or even reference letters from previous employer to make sure that the person will be reliable and beneficial for the team, financial institutions background checks tend to be even more strict and demanding.

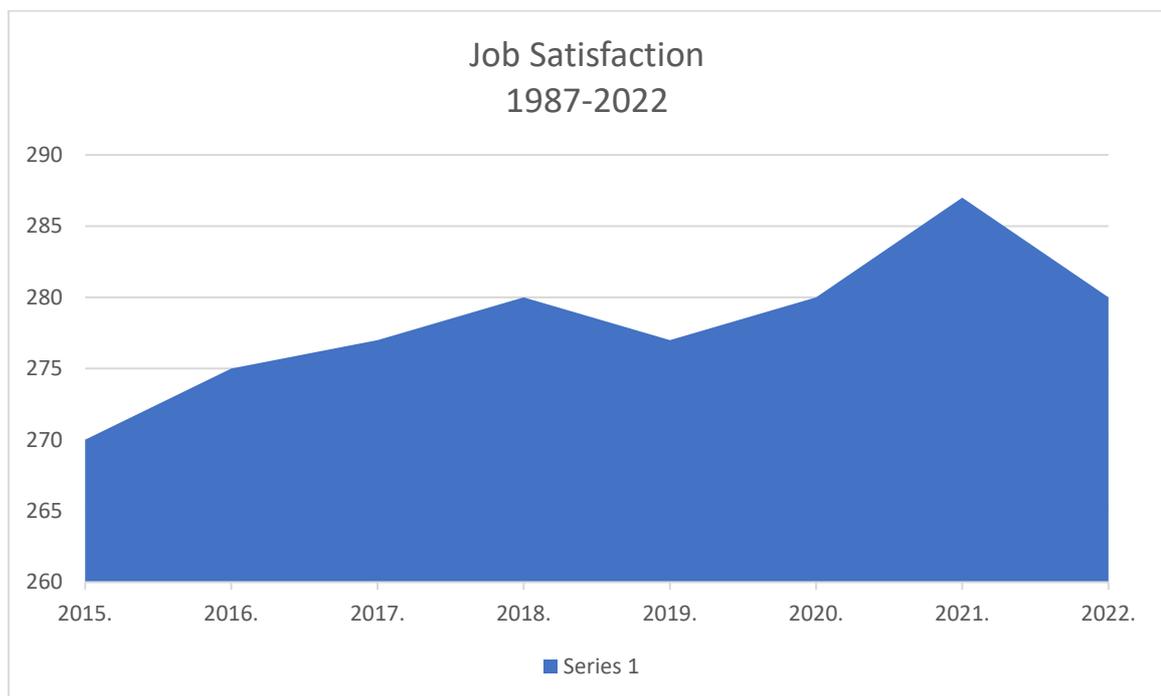
Depending on the position requirements, the employer will need a proof of working experience that would confirm that the person knows how to work with finances, confidential information, or customers. Firm often needs contacts of previous employers

and will likely call them to confirm that their employee was really as professional as it is written in their resume. Additionally, financial institutions often check credit scores, because a person who is always paying their loans on time and do not take too much money for a credit will likely be more responsible in working with finances. They also check medical and criminal records, because a person with a condition that prevents them from being concentrated can cause unintentional mistakes, while having a criminal record that especially involves anything linked to finances or information is a concrete evidence that a candidate is not suitable for the job. The human resource department also checks the candidate's social media accounts to see if they post anything inappropriate or leak any personal information there. Most of the time these documents and resources are enough for the hiring manager to make sure that the bank is hiring the right person and that they will not make information breaches whether that may be intentional or unintentional. Although gathering all the necessary information may be time consuming, this step is a major deciding factor in the performance of a worker and also the performance of the whole team. [17]

After the new staff is successfully hired and are working as a part of the team, banking institutions also have their personnel management methods that study the usefulness of subordinates. The manager is responsible for conducting performance assessment on a regular basis, where they record the goals assigned to the team and analysis of how the teammates achieved the objective or what prevented them from meeting the expectations. Personnel manager also speaks with every team member where they discuss a person's strengths and weaknesses in order to decide which areas should be improved by the next assessment. They can also ask staff members to comment on other member's performance for more accurate and objective information, as well as any suggestions on improving the training methods or equipment provided by the company. Employee performance assessment is a very useful tool in banking as it helps getting precise information on the staff members' work, builds trust between personnel management and subordinates and also allows for developments in the company's treatment of employees and better training provided to them. [18]

Another useful personnel management method that is commonly used in banking industry is recognition and motivation of employees. Financial institutions are very stressful

places to work in as the staff members are required to be very precise and accurate when working with finances and customer information as well as being professional in customer service. It is easy for subordinates to experience job burnout which will hinder their performance or may even result in them quitting their positions. This issue has become more apparent for management across the job market since COVID-19 pandemic as many people were stressed beyond normal, which led to many leaving their companies. Since then, many companies have emphasized motivating their subordinates, and the financial industry was no exception. [19]



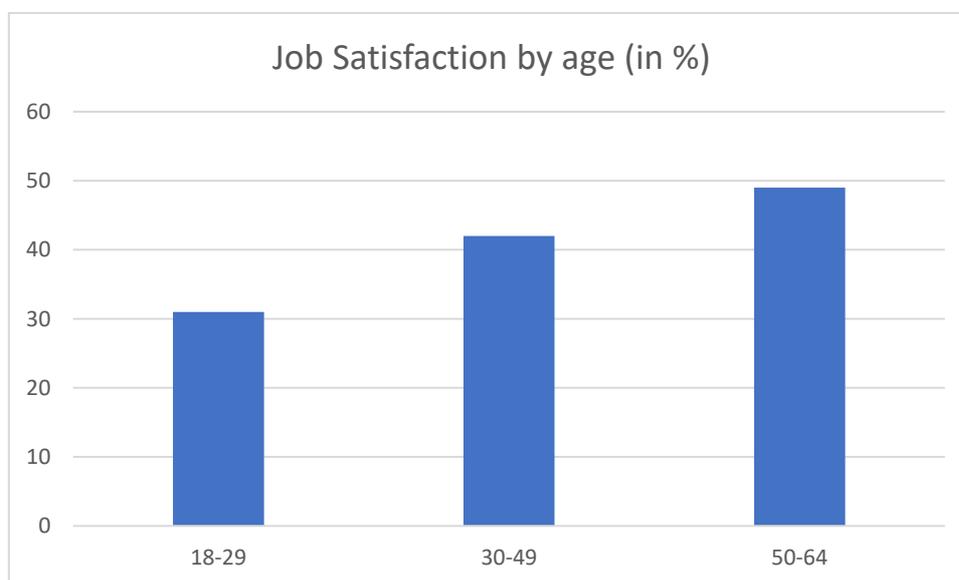
**Fig. 1.2. Canada job satisfaction in banks chart 2022**

*Source: made by the author based on 4*

*CBA*

In financial institutions, member recognition is often shown through providing rewards to team members that have demonstrated exceptional productivity, customer service, or leadership skills during tight schedules. The respective awards can come in many form, like bonus pay, or in a form of the company's products, like gift certificates, merchandise, special offers and more. Bank managements also tend to implement peer-to-peer recognition programs, where the praises are received not only by the manager, but also

from a person's colleagues. [15] This encourages mutual trust between teammates and also helps them both get rewards from the management. Programs like these are made not solely for staff members to get bonuses, but to help them get comfortable in a new workplace and get to work with people. This provides highest job satisfaction and keeps the person in a company. Implementing recognition programs is essential for banking institutions because they can be especially effective with keeping the younger staff, that have just started a new job after university. On average, younger demographics tend to have the lowest statistics of job satisfaction and are most likely to leave the company should they experience any minor inconveniences.



**Fig. 1.3. Worldwide job satisfaction by age statistics 2023**

*Source: made by the author based on 5*

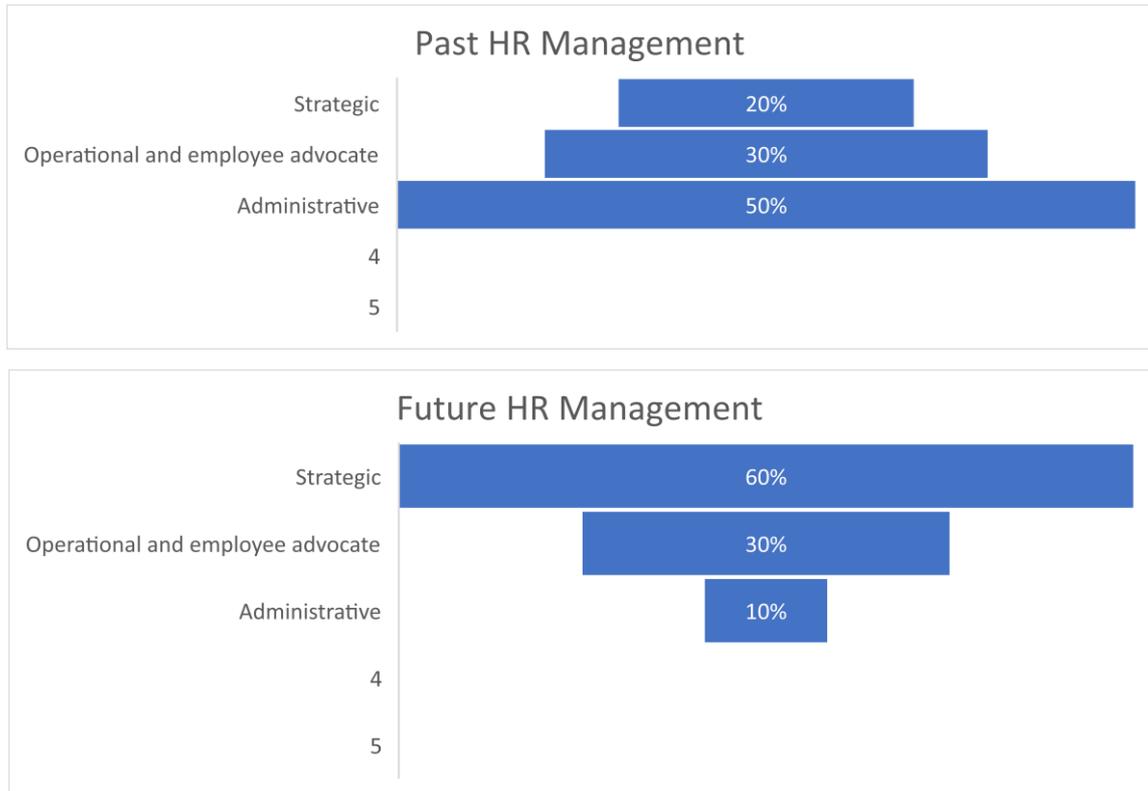
*Zippia*

In banking industry, personnel management finds its use the most in risk management and prevention. Financial institutions deal with private and valuable information all the time, so one of the primary things that should be managed in human resources is fraud and compliance risks. Employees must be taught to follow specific instructions as deviation from them can result in leaks of information which can threaten the whole operation of a bank. Another important factor that HR management is used for in the bank is maintaining reputation. Since banks are also customer service oriented, employees are trained to follow steps under company culture and talk to customers in accordance with local ethics. [12]

To summarize, main personnel management in banking industry tend to adapt already existing techniques and taking these concepts further to more complicated implementations. The common approach to requesting background information from employees is made more specific and strict in order to ensure safety to the company's operations. At the same time, banks tend to emphasize the topic of motivation and comfortability of the staff much more than other industries. This is done to keep the team in solid state and not let the organization fall apart as employees would quit because of stress or disappointment in working conditions.

### **1.3. Modern trends in HR management**

Due to the fact that proper personnel management determines a significant part of a bank's success and organizational consistency, the headquarters have to monitor the effectiveness of the management's work. Besides the risks of information leaks or unqualified candidates that were mentioned earlier, the company also needs to ensure that the staff themselves are in proper conditions. Things like work environment, treatment by management, appropriate schedule and respect are also considered when implementing HR assessment. [16] Because of this, HR management assessments are not only important because they improve the labor costs and efficiency of work, but also make sure that everything happening within the teams is in law and nobody is committing discriminations or labor exploitation. HRM efficiency assessments have become increasingly demanded in recent years and are projected to grow in importance because of market changes and shifts in priorities. Personnel management used to be more straightforward and involved commanding employees with less personal interaction. Today, this area is considered more crucial and building proper HR structure with inner trust, respect and honesty is believed to pay off in a long term.



**Fig. 1.4. Changing roles of HR management**

*Source: made by the author based on 6  
ResearchGate*

A company can organize the assessment themselves or they can instead hire an external audit to analyze the HR productivity. While the first option is cheaper and faster, modern companies tend to go with independent auditors as their conclusions are less biased and more accurate. Financial institutions also tend to use professional external auditors because they need a competent analysis of their organization due to high level of responsibility to the government. They also get the opportunity to request any additional services, like consultations concerning risk management or IT organization, while an internal audit may not always be proficient in these specific areas.

During most HR management effectiveness assessments, an audit is responsible to check personal files on each employee of the company. They look for any errors in background, education, medical and employment history. Audits also confirm the

employee's wages and schedule and whether they receive the amount expected for their attendance, as well as whether an employee is qualified for overtime pays or vacation pays. These steps are necessary to understand whether the personnel management is accurate, legal and fair about their employees. These measures are also useful for the company because it can prevent the employees from making fake claims about being underpaid or denied in vacation sponsorships. This is why organizing HR management assessments on regular basis is important as it keeps these issues under control or can even find mistakes or outdated information in previous audits and correct them. [20]

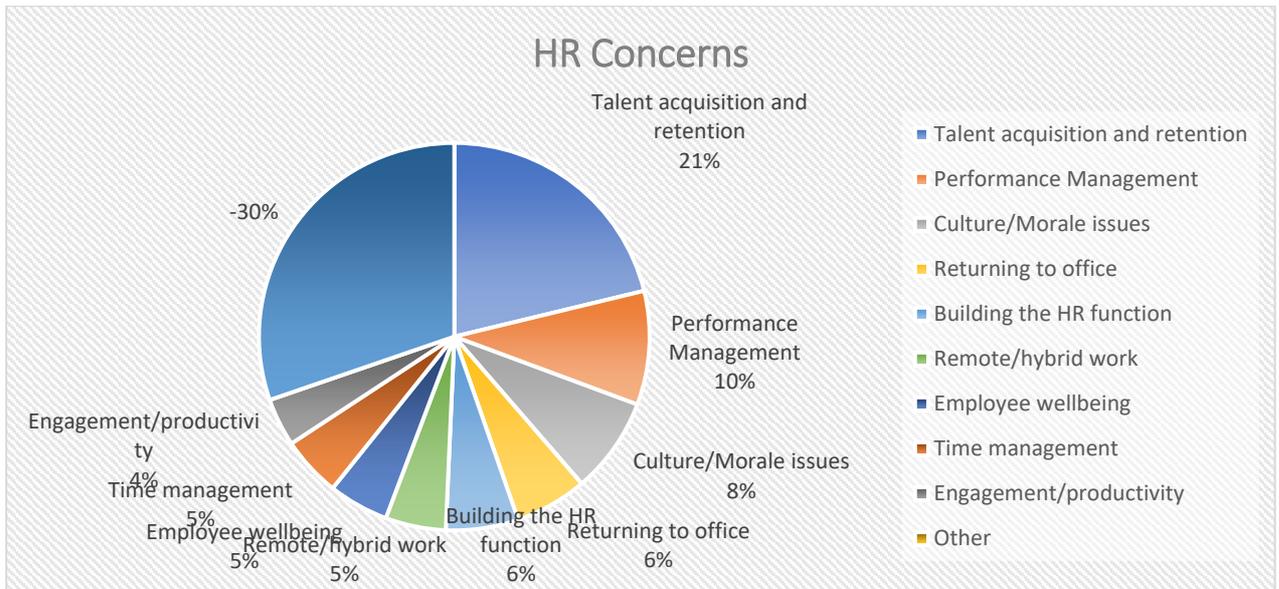
In modern business world, several popular HR efficiency assessment methods are used in companies. A method which has become increasingly widely used during the COVID-19 pandemic is 360-degree feedback method. In this scenario, an audit interviews every team member about their personnel management. The audit listens to any praises and concerns which helps to further draw out the conclusions. The reason why this method is applicable in remote working is because the process can be done through simple messengers, emails or group chats without any need to plan and conduct official meetings. The only disadvantage is that interviewing each staff member drags the whole procedure and it may sometimes be hard to reach objective conclusions when some opinions can be exaggerated or biased.

The second popular efficiency assessment method is cost accounting, that is especially relevant in financial sector is cost accounting method. This procedure involves the audit comparing the costs spent on employee training, support, sick leaves and so on, to the actual revenue the workforce brings to the organization. Because employees are a very valuable asset and are one of the driving forces in revenue due to banks being a customer service business, it is essential to understand if the money you are investing in your assets was worth it. For example, a company could be spending too much resources on training programs, when some of them are similar enough to be merged or even replaced with a more resource-friendly options. Because of this, personnel management team can be considered efficient when the costs they invest in employee development are justified and can bring maximum revenue from the labor done, whereas the opposite would prove to be poorly

efficient because the team is not careful with the organization resources and therefore threaten the profitability of a firm.

Finally, the most popular method of measuring personnel management effectiveness is Management by Objectives method and it is based on collecting information of goals set by the management during the year and how successful were the results relative to these goals. The audit studies the objectives in question and compares them with the performance of each employee and how it contributed to success or failure. They also compare the costs that were spent on staffing needs as well as the amount of time it took the teammates to meet the requirements. This method is one of the most popular because its conclusions are better representing the actual effectiveness of human resources and their management. Instead of being focused on secondary factors like labor costs and interpersonal opinions of workers, the management by objectives method gives straightforward reviews of personnel management competency, which is the primary factor that interests companies that ask for audits. It also shows the effectiveness of each team member which gives an insight on how well trained that person is and should their performance be improved. [19][20]

The methods listed above are just several main examples of many different tools for estimating the effectiveness of personnel management. In modern world there is an abundance of various methods and audit services each of which can be more useful depending on the type of business or the area of HR management that interests the company's headquarters the most. If a firm is more concerned with their workers being worth the investments, tools like cost accounting would be more suitable. However, if the firm is certain about their spendings being efficient but believes that improving internal communication needs professional eye, methods similar to 360-degree feedback would prove much better than MBO or cost accounting.

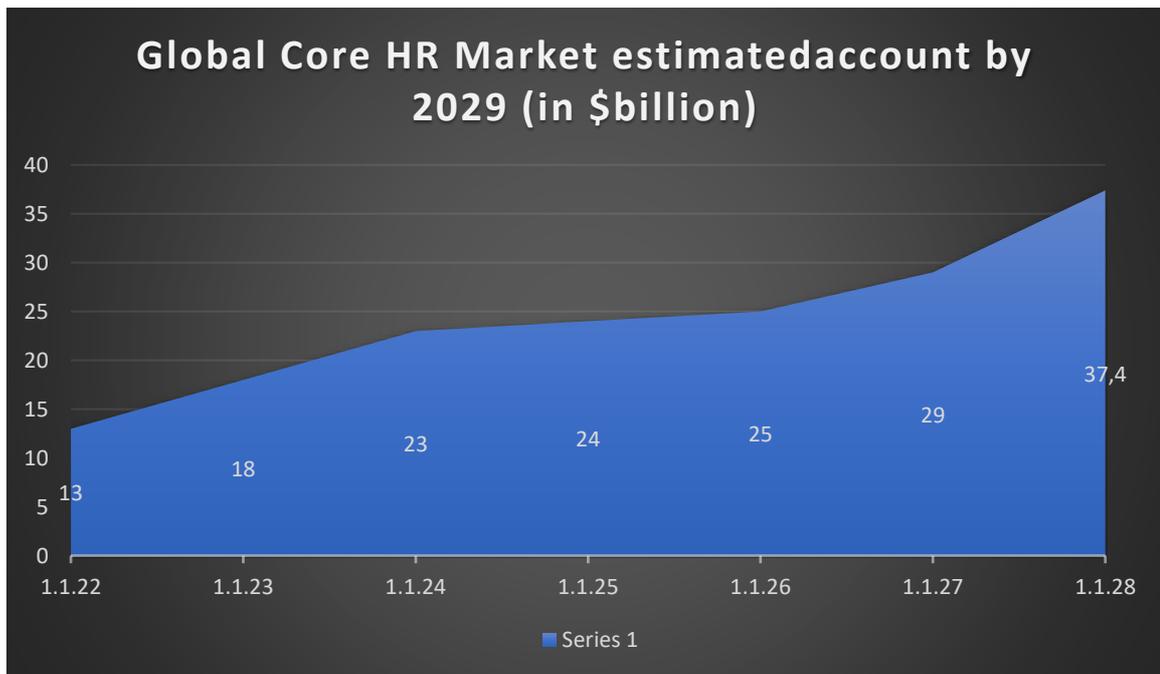


**Fig. 1.5. Main HR obstacles in US 2023**

*Source: made by the author based on 7  
15Five*

As can be seen on the table above, while taking on qualified staff is still the most concerning factor in personnel management, assessment and maintenance of the team performance is a close second in that category.

Besides companies doing hr performance assessments or hiring professionals for that, there is also an option of using professional software for performance management. In the age of information technologies and many services going digital, investing into quality software is a good way of saving time and communication. These applications have become even more advanced and reliable in the past several years due to implementations of rapidly developing AI technologies, which helps these software to reach reasonable conclusions and adequately rating the effectiveness of human resources management. In addition to that, many of these softwares, like Adaface, can also assist in hiring suitable candidates and simplifying the interview and recruitment process.



**Fig. 1.6. HR Software growth predictions**

*Source: made by the author based on 8*

*Data Bridge Market Research*

The table linked above shows that the trend of personnel-related software in business continues to grow and is expected to double in profit during the coming years. This shows that despite the topic of AI being controversial among people, its market, including the market of HR software, keeps growing as it can clearly make daily activities of personnel management better planned, faster, and more productive as it decreases risks associated with personnel.

To conclude the information of the first chapter, personnel management is indeed a very sophisticated and at the same time crucial part of a banking institution. It is evident that negligible treatment of this issue can not only result in useless activities, but also in serious threats to the company's confidentiality. In the case of banks, employees also need to be given appropriate duties and organized into effective teams. Above that, personnel managers are responsible for monitoring the performance as well as motivating subordinates as lack of motivation or satisfaction also decreases the overall performance. And finally, on the basis performance checks and respective actions of improvements are also expected as a part of basic human resource duties in a banking institution. This shows that even on the

surface, personnel management is a complicated duty which requires performance above just hiring people and putting them into the company's pipeline.

Additionally, despite banks are associated with information-based skills, personnel management relies heavily on soft skills, and in a majority of situations, critical thinking, personal approach and communication skills are necessary to build up a working strategy. Although there is a high probability that more of HR duties could be substituted with professional software, the human factor will remain to play a major role in this area.

## **CHAPTER 2. STUDY OF PERSONNEL MANAGEMENT OF PRIVATBANK**

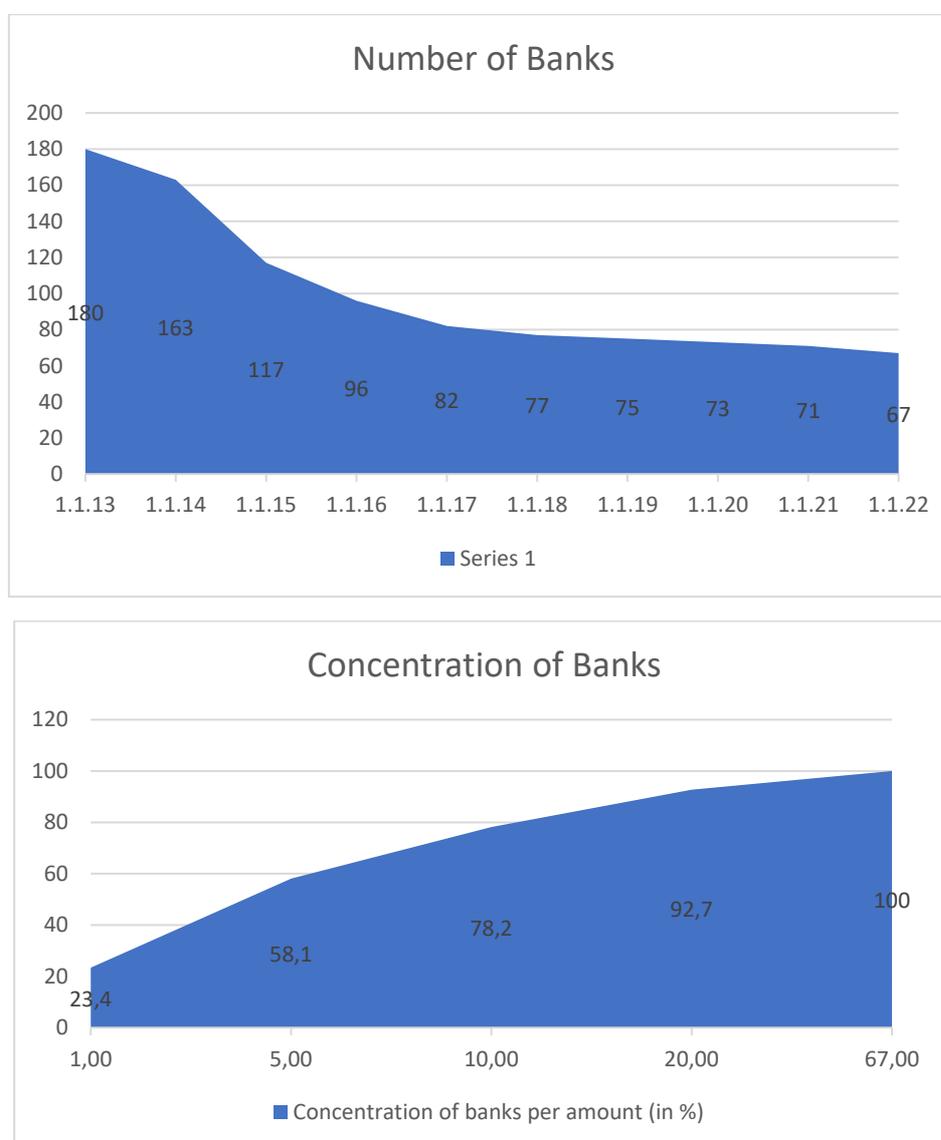
### **2.1. Analysis of the main economic pillars of PrivatBank**

Since the general understanding of personnel management in a financial institution has been covered, the next topic is devoted to personnel management within PrivatBank in particular. Although it would be justified to assume that methods used in this financial institution are identical to the general tools, there are still numerous circumstances and conditions that affect the company's policy, strategy, and performance of human resource organization. This chapter is devoted to introducing the impact of PrivatBank on Ukrainian economy and why it matters in personnel management, then will analyze the internal and external factors of the bank and will eventually lead to study of the institutions approach to the concept of personnel management.

Financial institutions are known to be one of the crucial drivers of any economy. The services provided by these establishments support individuals, companies, or sometimes even other banks. Services like these help strengthen domestic market, promote growth of existing business as well as allowing new ones to emerge, and overall encouraging the national production to expand. Being one of, if not the biggest, banks of Ukraine, PrivatBank's activities ought to make a significant impact on the country's economy.

One of the key factors defining the bank's influence on the economy is the fact that it is owned by the government. This is especially relevant for the circumstances in Ukraine. For example, back in 2021, nation-owned banks accounted for roughly 60% of national banking assets. This equals for around 1 trillion UAH, and PrivatBanks is a part of that group of banks. This impressive share of assets means that state-owned banks like PrivatBank hold reserves of banking assets that are times greater than that of ordinary financial institutions. These assets usually include things like loans, securities, and reserves. It is known that banks are commonly reached by businesses and startups for investments, which means that by accounting for more than a half of all banking assets in the country, PrivatBank and its fellow institutions are certainly influencing a great amount of business sectors in Ukraine. If these institutions did not have access to so many assets, industries like

car or plane manufacturing, home construction, or investments would go bankrupt as they depend on credits as at the start of their company's life and during its lifetime. (23)



**Fig. 2.1. Number and concentration of financial institutions in Ukraine**

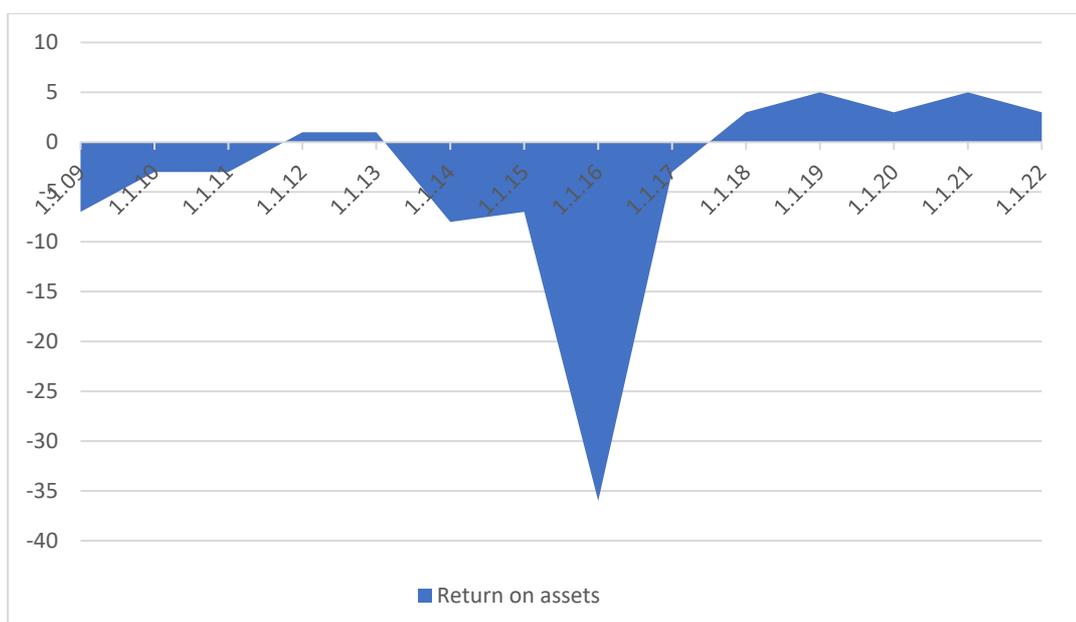
*Source: made by the author based on 9*

*Leopolis Group*

Above that, it has been noted that the amount of private and foreign banks has been decreasing steadily in Ukraine for the past decade. This means that private banks' share of influence in economy has been increasing proportionally. It is evident that the tendency for Ukrainian private banks to own more and more assets will continue to develop as it might become even more apparent in today's circumstances. Since the Russian invasion of Ukraine,

plenty of foreign companies have paused their operations within the borders of Ukraine, which means that it is quite possible that the amount of foreign banks will decrease much more, allowing the state-owned banks to spread their ownership borders more rapidly.

Besides serving regular customers, nationalized banks like Privatbank are also able to provide services to the government. They can issue secure bonds or provide loans to the government. Although their area of financial influence may not be as global as one of the central banks, supporting the government is a massive contribution to economic development as the government can use these banks to solve a wide variety of domestic issues, from fixing holes in the banking sector to sponsoring the armed forces. Not only that, but PrivatBank's weight on the financial state of Ukrainian market has been one of the reasons why the institution was nationalized to begin with. Before 2016, PrivatBank was an independent organization. However, it had already been one of the biggest and most popular banks in the country at that time, which means that a significant amount of capital was already flowing in and out the institution.



**Fig. 2.2. Returns on assets in state-owned Ukrainian bank industry**

*Source: made by the author based on 10*

*MDPI*

Yet, the government has noticed an impressive number of holes in financial reports from the bank, which was likely the result of corrupt leadership at that time. Because the bank's

financial assets were so large, this situation was threatening a major crisis to the national finances, which forced the government to intervene and reorganize the reports by nationalizing the bank. [24]

The way that PrivatBank can interact with economy is that it is able to sponsor economic activities that would not be affordable to privately-owned banks. Things like government projects or providing loans to improve the financial situation of a country is a very expensive investment for which most private banks do not have enough reserves and from which they would not receive enough profit to cover the costs. Given their ownership of resources, state-owned banks are able to commit to such causes. PrivatBank also makes emphasis on being environmentally friendly as they promote the reduction of paper usage, zero-waste technologies in their cash machines as well as volunteer cleaning movements. Although it may not seem significant on the first glance, private banks do not promote anything similar because they are strictly commercial companies, and such projects, especially volunteer work, are not profitable for them. [25]

What also makes PrivatBank beneficial for Ukrainian economy is the fact that its stability is far more certain than that of regular banks. When a state-owned bank is formed, it is in the best interest of the government itself to make sure that the bank keeps working in stable condition and does not collapse under extreme conditions. In emergency situations, other types of banks are much more likely to disappear, as privately-owned banks are not safe from going bankrupt, while foreign-based banks can even leave the country at all. All of these scenarios pose a significant risk to both the regular customers and the overall economy of a country, which is why PrivatBank provides reliability to the banking sector of the economy. [26]

Thanks to its organization of process, PrivatBank was one of the rare banks that managed to increase their revenue significantly during the years of war in Ukraine.

**Tab. 2.1 Comparison of financial statements officially shared by PrivatBank, 2022-2023**

	Financial Report 2023	Financial Report 2022
Net Profit	37,8 (billion, UAH)	30,25 (billion, UAH)

Total Assets	685 (billion, UAH)	549,7 (billion, UAH)
Credit	92 (billion, UAH)	-
Debit	550 (billion, UAH)	383 (billion, UAH)
Number of locations	1199	1000

*Source: made by the author based on company's data*

As can be seen from the official data published by the bank, it is evident that it managed to secure its profitability and performance since the earliest days of the war. It even managed to grow in numerous of its areas, such as net profit and locations, which is especially remarkable. Although much of data for the year 2022 is not currently accessible to the public, such as amount of the company's credits or number of employees, it is evident that such growth could not be possible without adequate personnel management. Establishment and maintenance of almost 200 new locations in a such short amount of time as one year demands a thorough distribution of workforce, assignment of duties, and continuous reports to the headquarters.

In general, PrivatBank's owes its greatest economic pillars in Ukraine to the fact that it is a state-owned organization. Because of the additional freedoms and opportunities presented by this status, the bank casts a much more significant impact on economic development in the country than if it were a privately owned institution. While the amount and influence of state-owned banks in Ukraine is close to being a monopolistic industry which can bring its disadvantages to the freedom in the market, it provides PrivatBank with a great power over local business. In addition to that, PrivatBank has the freedom to launching various environmental initiatives that can be done only by few banks and that can also theoretically influence the economy and ecological state of a nation.

Despite the fact that these economic pillars may pose PrivatBank and its fellow institutions as powerful and prestige establishments, they also bring incredible responsibility and require an even more intense approach to organization and especially to personnel management. One of the main problems arising from great economic pillars is risk management. Because of the banking market being so close to monopoly, a much larger share of debtors are applying for PrivatBank services. Because of this, there is a higher

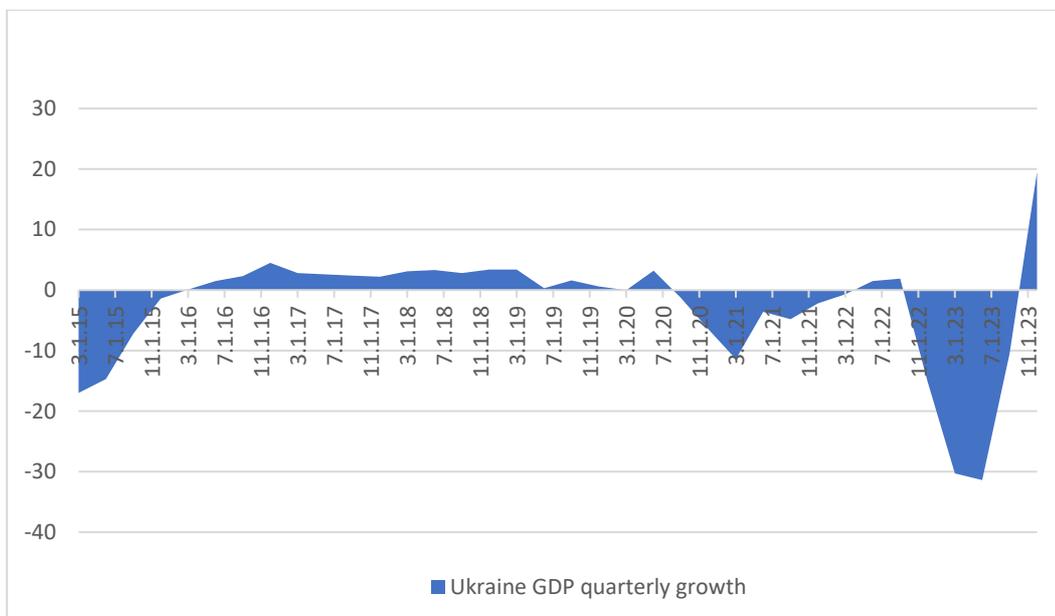
chance of running into problematic customers, unreliable companies or investments that did not prove to be as profitable as expected. The company is also accountable for all of its financial actions in front of the government which also adds up to the existing level of responsibility. There are numerous internal and external factors that shape PrivatBank HR management and which will be covered further in the paper.

## **2.2. Analysis of internal and external environment of PrivatBank**

When assessing the operations of a financial institutions or almost any other business entity, it is commonly required to investigate both the internal and external influencers of the establishment's work. These environments often provide context that could better explain how professional the organization is at handling its operations and how profitable it is. Often a firm may seem to be profiting greatly based on its financial reports, but the circumstances in the economy can be so demanding that the overall picture is much different.

Additionally, the external and internal factors include much more specific economic conditions. While most people would imagine basic understandings as competitors, teamwork, or customers, adequate assessments consider politics, demographic scales, competition, social developments and much more. That is why in order to better understand PrivatBank's personnel control, we will need to look closer at both the environment inside and outside the institution.

To begin with external environments of PrivatBank, the organization has clearly been located in a middle of extraordinary conditions for the past decade and especially today. The country has been going through rough times in its economic field, having experienced long-lasting inflation, decreasing GDP and increasing poverty. Back in 2014, these factors were among the ones that forced the government of Ukraine to nationalize PrivatBank, which should have helped in taking the situation under control. The economic situation in Ukraine has been prone to sharp shifts and thus forced the bank to constantly adapt to both the financial situation and the demands from the government which was since in charge of shares.



**Fig. 2.3. Number and concentration of financial institutions in Ukraine**

*Source: made by the author based on 11*

*Bne IntelliNews*

What keeps making matters even more serious is the political unease and militaristic issues being more common in social lives. The nation is also experiencing a significant demographic crisis, where the population has fallen by almost 6 million that is mostly due to people leaving the country to search better life or job opportunities abroad. [27]

In general, the situation is somewhat similar to Ukraine's state in early 90-s, when there were also political economic and demographic unrest in the country. All of these developments are quite worrying for any sector in business, and especially for banking sector as it puts much more responsibility and load on the institutions. Not only might they be required to change their reserve ratios in case of emergency, but they might also have to work with more people and businesses that need their credits to continue operating. The credit risk is also much higher under these circumstances, again due to so many people leaving the country in such short timeframes and businesses closing down in case of going bankrupt. The latter factor can also influence bank's human resources as smaller demographics logically cause smaller supplies of workforce and even more decreases the chance of allocating people with needed talents instead of unqualified candidates.

Despite the fact that Privatbank has a significant share of domestic firms dependent on the credits given out by it, the size of banking sector's revenue is already not among the leading areas in Ukrainian economy. The lending level of state-owned banks has decreased by roughly 30% by the end of 2023, which is a quite worrying development. Not only is it threatening to financial institutions, but it also puts potential risks for the economy, as in order to rebuild economic stability, governments are supposed to support banks the most. That is something that Ukraine has done in 2014 as the government was cleaning up the chaos in reports of numerous banking institutions, while this time, this is not the case. This is probably caused by the increased spending on military and infrastructure repairs, but neglecting the importance of banking sector could lead to further worsening in financial sector of the economy. [28]

As for social surroundings, the previously mentioned economic and financial conditions have caused the Ukrainian citizens to be more considerate of their resources and their future. People have become much less confident in their future financial stability and taking credits therefore has become more risky for them, so people prefer to save what they have instead of having to repay interest in the future.

**Table. 2.2. Volume of loans issued by banks to customers in Ukraine**

1.01.2019	202,2 UAH billion	NPL – 46%
1.01.2020	214,25 UAH billion	NPL – 34%
1.01.2021	208,38 UAH billion	NPL – 27.9%
1.01.2022	256,29 UAH billion	NPL – 16.56%
1.01.2023	226 UAH billion	NPL – 38%
1.01.2024	212 UAH billion	NPL – 47%

*Source: made by the author based on 12*

*delo.ua*

Based on the information, people used to borrow much more before the Russian invasion of Ukraine while now the amount of borrowing is even expected to decrease further over the years. This is likely to become a major concern for commercial banks as loans are

one of their major sources of profit, which means that they will need to somehow encourage people to borrow more. Privatbank is relatively safe in this area as even with this negative trend, the bank remains at the top in the industry and also has the privileges and safeties of a state-owned bank compared to regular commercial ones.

In general, PrivatBank's external environment is quite extreme and unpredictable, and operating in such conditions makes this bank stand out from many other state-owned banks across the world. It is situated in the middle of uncertain conditions caused by ongoing war, continuing economic issues and social tendencies that are not happening in the favor of banking industry. In addition to that, Privatbank's internal situation is also rather unordinary and complex.

The revenues and expenses of PrivatBank are also a vital part not only of its overall state, but of the Ukrainian economy as well, due to the bank's vast resourcefulness and connections that allow it to support so many businesses as well as the government organizations. Still, even PrivatBank's overall profitability is a subject to change under the influence of worldwide economics and developments. Likewise, the bank's revenue in 2023 was equal to around 38 billion UAH, which was a 24,75% increase compared to 2022. [29] Although that sounds promising, the first quarter of 2024 has shown revenue of 14% smaller than during the first quarter of 2023. Majority of this performance is due to the decrease in Ukrainian hryvna's value compared to the US dollar, which means that even with the comparable effort and spending on operations, the bank still could not keep a stable income due to external reasons. [30] Operational expenses as well increased by 8% in 2023 in comparison to 2022, which was mostly due to the company's more intense operational performance in the recent year. [31]

**Table. 2.3. *The dynamics of PrivatBank's financial indicators during 2019-2023***

<b>Name of factor</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Deviation 2023/2019</b>
<b>Money in cash</b>	19.519	20.774	21.027	25.070	25.841	6322

<b>Remaining account in NBU</b>	19.667	5.549	5.957	11.456	53.869	34.202
<b>Remaining money on account and reserves in Central Bank of Cyprus</b>	1.402	1.838	1.626	2.065	-	Approx. 663
<b>Accounts and deposits in Ukraine</b>	4	4	1	-	-	Approx. -3
<b>Accounts and deposits in OECD</b>	16.393	21.664	24.136	58.100	72.999	56.606
<b>Accounts and deposits in countries outside of OECD</b>	66	98	103	183	93	27
<b>Overall number of money and reserves</b>	45.894	49.911	52.835	96.380	152.282	106.388

*Source: made by the author based on company's data*

As can be seen based on the table, the bank managed to maintain an impressive growth in several areas even under extreme conditions like war or global pandemic. PrivatBank increased its numbers of cash, NBU account money, as well as reserves in Central bank of Cyprus and deposits within and outside of OECD countries. The only negative factor is the amount of deposits within Ukraine, which began to decline in 2021 and is currently not officially published by the company. That likely has to do with the ongoing war in Ukraine and the absence of access to most of the bank's branches in occupied

Ukrainian cities. Nevertheless, the ability to not just maintain but to expand the financial indicators is an admirable achievement in PrivatBank's situation.

**Table. 2.4. Dynamics of PrivatBank's balance indicators 2019-2023**

<b>Name of indicator</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Deviation 2023/2019</b>
<b>Interest Income</b>	33.841	33.563	35.854	43.686	66.238	32.397
<b>Interest Expense</b>	14.174	11.961	6.537	3.768	6.616	-7.558
<b>Net interest income to formation reserve under expected credit damages for assets by which accrued %</b>	19.667	21.602	29.317	39.918	59.622	39.955
<b>Net interest income after calculating reserve for usefulness reduction</b>	19.663	19.831	28.461	24.522	55.034	35.371
<b>Income for payments and commission</b>	24.575	27.649	35.057	32.945	41.589	17.014
<b>Expenses for payments and commissions</b>	6.386	8.888	11.840	12.505	17.150	10.764

<b>Administrative and other operational costs</b>	14.428	18.006	2.183	1.970	2.175	-12.253
<b>Profit/loss before taxes</b>	32.609	24.296	35.067	34.672	72.766	40.157
<b>Net profit/loss</b>	32.609	24.302	35.050	30.198	37.765	5.156

*Source: made by the author based on company's data*

The table above shows that PrivatBank has also improved in a number of its indicators. One of the areas that were not so impressive were the expenses for payments and commissions, which have increased over the time period. Other than that, the bank was able to grow its profit over the duration of four years. Most notably, the bank has cut on its interest expenses, operational and administrative costs, which means that the management might be trying to save on its operations in order to maximize the profit.

PrivatBank's has a long history of complicated stories within the organization. Most of them were present since the beginning right until its nationalization, when PrivatBank was accused of money laundering. The bank was often used for offshoring the money of its owner, Igor Kolomoisky, and the scale and longevity of these crimes were so big that investigations held by both domestic and foreign agencies are still held today. There were also concerns about the money gained from these offshore transactions to be linked with Igor Surkis' family and some resources even assumed that these funds were connected to the current president of Ukraine, Volodymyr Zelenskiy. [32] It was found that Zelenskiy's former place of work, "Kvartal 95", had a bank account at Cyprus branch of Privatbank, which was the exact branch that participated in Kolomoisky's money laundering. In addition to that, both Zelenskiy and Kolomoisky had prior connections from 1+1 channel, where one was an actor and the other was a shareholder, so the reasons for collaborations may not be so exaggerated. [33] Most of these accusations were made in late 2021 are still to be discussed and considered as the Russian invasion of Ukraine in 2022 might have caused both sides to pause the investigation.

In general, PrivatBank's inner environment has quite a rich history. It used to be a corrupt and uncontrolled system that became a part of one of Ukraine's largest money laundering operations, went through drastic changes caused by the switch in bank's management and strategy, and even today is still a victim of close investigations and various rumors spread about its connection to former owners and even to the current head of state. Although the bank's current operations may be better organized and honest because of more strict management, combined with an already stressful external environment makes it clear that the bank is currently not having the best times.

### **2.3. Investigation of the Personnel management of PrivatBank**

Being one of the wealthiest and, therefore, one of the most advanced banks in Ukraine, PrivatBank has progressed further in many aspects of business when compared to most of other local institutions, and personnel management sector is not an exception. Before hiring an individual, the bank uses a wide range of modern tools for attracting candidates, like social medias, dedicated job seeking websites, or networking. Similarly to ordinary banks, PrivatBank also has a screening process in order to shortlist the candidates, as was described in the previous chapters.

When a new worker is hired, the management at the bank constantly organizes special trainings, workshops or additional information for the new staff. This is done for several reasons. Firstly, the newly hired staff will fit in faster and will learn to do their job effectively and in line with company culture thanks to the additional lectures and workshops. Secondly, it will reduce the employee turnover as the staff will have greater opportunities for development and the overall job satisfaction will prevent employees from quitting their positions too fast. [34][35] This attention to details is especially impressive for a financial institution since the bank has a quality information network for their employees to study, such as the company's website and mobile app.

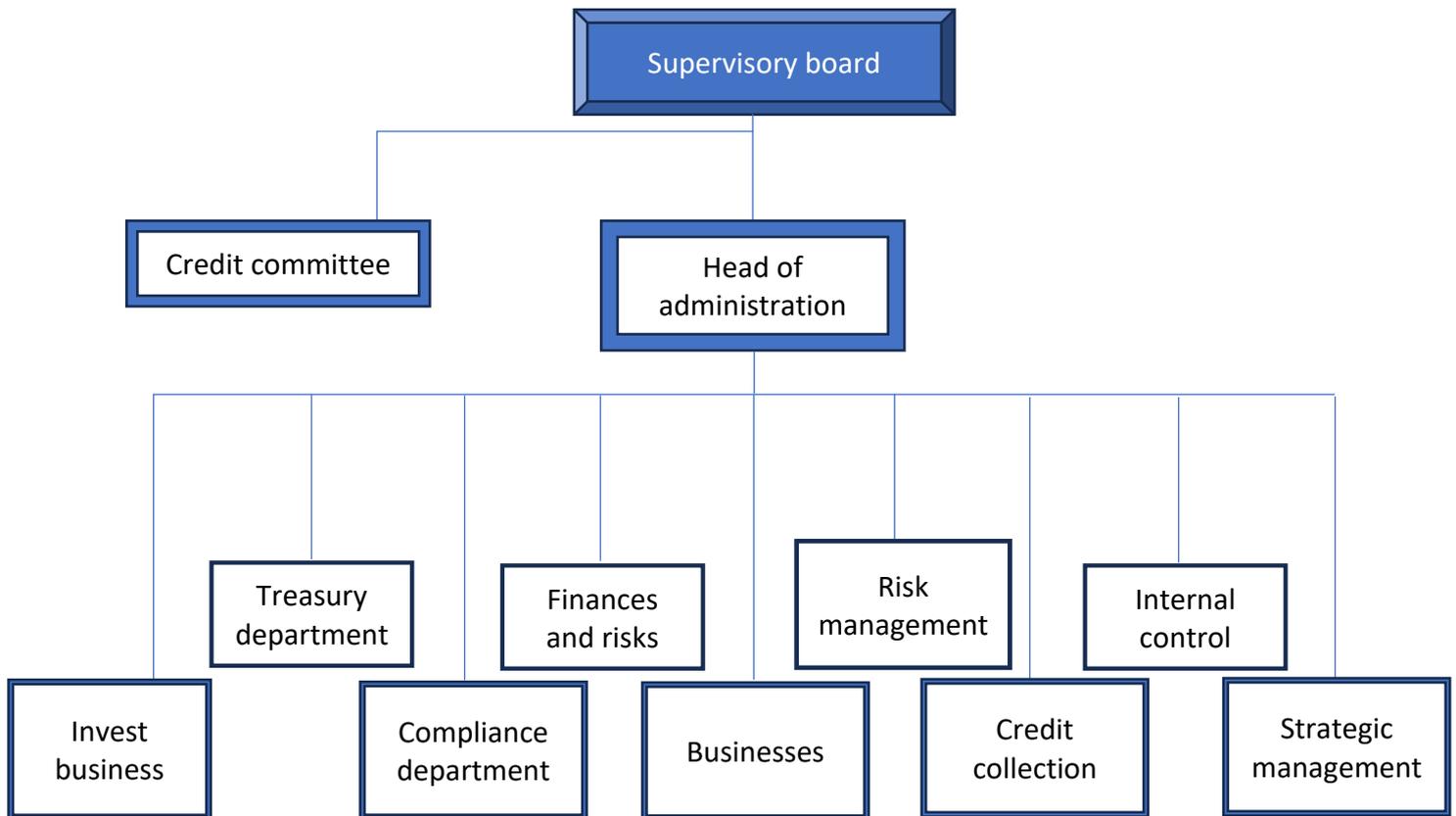
Another important factor at PrivatBank is performance stability. Personnel managers are required to encourage employees to give their best at work and reward the most successful ones. Rewards can vary from simple recognition and appraisal to special bonuses. [36]

Being such a widely spread financial organization, PrivatBank holds an impressive range of employees. If taking into account the amount of 1800 employees as of 2023, which is according to the company itself, PrivatBank remains the largest holder of employees in the whole Ukrainian banking sector. [37]

One of the key distinguishing points that set PrivatBank aside from ordinary banks is its inclusion policies. It is one of the few truly inclusive institutions that hire people based on their talent and duty-related capabilities without considering their gender, disabilities or ethnicity. For example, over 40% of board directors at PrivatBank are women, which is much higher than the average amount at other Ukrainian banks. The bank also values

satisfaction with the work and environment of the job. The management conducts surveys on a daily basis, organizes events and programs that help employees and the management with understanding the team's feelings about their work. [38] This also helps strategically as the management will understand what changes they will need to make in the future, as well as what will they require based on the information. Things as hiring the right amount of workforce, filling the demanded area of work, or going along with the trends in the market are among the main questions that can be answered with employee satisfaction researches.

When it comes to the personnel structure in particular, PrivatBank holds enough peculiarities even in that manner. Unlike the majority of banks in Ukraine, the head of bank is not at the top of the workforce structure. Entirety of PrivatBank reports to the person from the Cabinet of Ministers of Ukraine, who also leads the monitoring team, which is responsible for studying risks, administrative duties, and conducting internal audits. Beneath them, the head of bank is positioned, who in their turn leads the management committee of PrivatBank. Head of bank is also constantly receiving reports form the members of the headquarters, such as financial, compliance, or operational managers. The management committee also has numerous subordinate managers, such as the head of capital market department, head of communication, as well as strategy and judiciary advisors. Among them is the head of human resources and corporate management.



**Fig. 2.4. Management structure of PrivatBank, 2023**

*Source: made by the author based on company's data*

The workforce structure in PrivatBank is quite more complicated but at the same time well thought through when compared to its rivals. It has a strong system of responsibility and report to the higher ranking positions. What empowers this factor even more is the presence of the members of Ukrainian government, and their thorough monitoring of the situation within. This adds to the security and social responsibility of PrivatBank's management. Despite being a crucial role to the bank, it can be observed that HR-related directories are positioned at the very base of the structure. This may seem underwhelming in comparison to where risk or data management are positioned, but it has a thought behind it, as the proper distribution of workforce can influence many factors in financial and organizational performance of the bank, which is why it is situated at the base of every function due to being its influencer.

Although the structure and work of personnel management of PrivatBank appears to be fair, efficient and have plenty of potential, the Russian invasion of Ukraine has brought many challenges to the business, and to the work of HR especially. Besides the obvious threats to demographics, like constant attacks and mobilization, Ukrainian workforce has also been affected by the rising costs of living. High prices for food and housing has been an issue for the last decade in Ukraine, as the local currency has been losing its value in comparison to US dollar due to its connections to the Russian ruble. After the invasion, however, the scale of depreciation has increased even more, which has caused even more trouble for those who have their income fixed and in Ukrainian hryvna. [39] The housing and renting issue in particular has become especially problematic as with higher inflation, people have been placed under a higher risk of losing the roof above their heads.



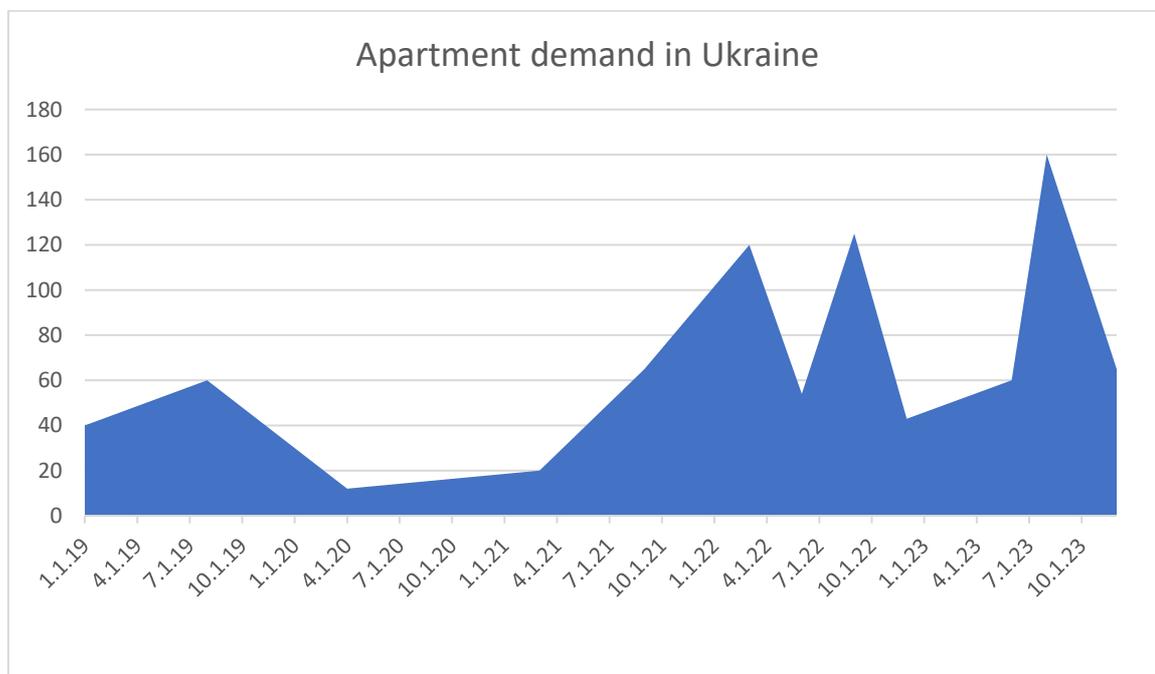
**Fig. 2.5. Housing prices changes in Ukraine**

*Source: made by the author based on 13*

*CEIC Data*

Even though the average cost for living was higher prior to the invasion, what makes the situation considerably worse is the demand for housing. [40] Due to demographic crisis happening across the southeast regions of Ukraine, many people have evacuated from there looking for shelters in safer regions. Because of this, the amount of potential renters have

significantly increased the demand for housing, which also influences the price as well as probability of finding a quality place for living. [41]



**Fig. 2.6. Demand for apartment rent in Ukraine, 2019-2023**

*Source: made by the author based on 14*

*Лун*

The housing as well as the overall inflation problem hurts the HR management at structures at PrivatBank because the company will need to worry about how their potential workers will commute or relocate to the location of the bank, when the housing crisis is going on. There is also a high possibility that more of the existing PrivatBank workers will demand promotion or increase of their salary as they may not afford their living with current income. [42]

With the start of Russian invasion of Ukraine, almost all of Ukraine's population became uncertain of their future. The rising tension in economic and political areas have caused many to become depressed and unmotivated to do anything. It is not a rare occurrence when people quit their jobs not just because of low salary, but also because of lack of motivation. This is especially relevant to jobs like bank representative because they are demanding and stressful careers that are often built on communication skills and

customer service. Such developments in society might make PrivatBank to deal with a smaller amount of professional and fitting candidates, who might as well bring their financial issues to the workplace.

### PESTEL analysis matrix of PrivatBank

<b>Political</b>	<b>Economical</b>	<b>Social</b>
<ul style="list-style-type: none"> <li>• Ongoing war in Ukraine</li> <li>• Strong influence of the state on the bank's activities</li> </ul>	<ul style="list-style-type: none"> <li>• Inflation rate is higher than usual</li> <li>• International businesses exiting the market</li> <li>• Fewer banks</li> </ul>	<ul style="list-style-type: none"> <li>• The bank is highly recognized among regular consumers</li> <li>• People tend to save their money instead of risking with credits</li> </ul>
<b>Technological</b>	<b>Environmental</b>	<b>Legal</b>
<ul style="list-style-type: none"> <li>• The bank is one of the most widely spread institutions in Ukraine</li> <li>• Mobile banking, ATM, and other services are one of the most advanced in the country</li> <li>• AI brings more opportunities to the industry</li> </ul>	<ul style="list-style-type: none"> <li>• PrivatBank holds numerous green and environment protection programs</li> <li>• The company encourages ethical policies in its everyday actions</li> <li>• Recycling and sustainability are promoted in the production of PrivatBank</li> </ul>	<ul style="list-style-type: none"> <li>• The labor market is lower in saturation than before war</li> <li>• Information safety is in danger because of frequent hacker attacks</li> <li>• Martial law allows the Ukrainian administration to restrict movements of individuals as well as taking business property in possession</li> </ul>

Looking at the PESTEL matrix based on PrivatBank and its environment's characteristics, the circumstances in which the bank is living are almost equally filled with opportunities and risks. Recent technological advances, as well as the bank's recognition and position on the market are challenged by the stressful economic and political conditions. To better lay out the strategies of the bank, it is also essential to construct its SWOT matrix.

### SWOT analysis matrix of PrivatBank

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• One of the oldest and most experienced organizations on the market</li> <li>• The status of the bank along with its resources and stability</li> <li>• High adaptability to changes in market</li> <li>• Wide range of products</li> <li>• One of the most advanced technologies in both the corporal environment and customer products</li> <li>• A large distribution of branches</li> <li>• Professional staff management system</li> <li>• Bank status and reputation</li> </ul>	<ul style="list-style-type: none"> <li>• Operational risks</li> <li>• Current political and economic environment</li> <li>• The complexity of organizational structure</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Taking advantage of competitors' performance</li> <li>• Developing the technologies of the mobile banking</li> <li>• Increasing demand for its services</li> <li>• Global expansion</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of human resource</li> <li>• Lack of investors and suppliers</li> <li>• Credit risk</li> <li>• Unexpected new entries in market</li> <li>• High barriers to entry at foreign markets</li> <li>• Decrease of potential clients due to inability to afford</li> </ul>

As can be seen on the SWOT-analysis of PrivatBank, the company has a range of advantages while also having plenty of concerns to address. Numerous of these concerns are connected to the current situation in the country of bank's origin, which brings forward additional obstacles like smaller amount of talent as well as smaller ability to pay among many Ukrainians. Because of this, further are the suggested strategies that address PrivatBank's parameters within the SWOT matrix.

**S-O strategy:** The bank can successfully outperform other financial institutions and get closer to absolute dominance over the banking market due to its significantly larger access to banking assets. Such factors as newest technologies, status, and high speed of adaptability is another factor that can give PrivatBank the chance to attract more people towards its services. Not every financial institution has such a variety of services, smooth and highly intuitive design of its mobile platform, and a perfect combination of state of art mobile banking and physical banking without one outweighing the other. The bank's durability, resourcefulness and adaptability are also one of the qualities that could be very useful to enter foreign markets.

**S-T strategy:** PrivatBank can assess the lack of employees to hire by pushing forward AI technologies as well as setting up positions that consider remote or hybrid mode of work. Considering the technological advancements and ability to keep up with latest trends, the bank administration would be wise to consider these opportunities. This is also due to the increased growth of AI among the banks and the solutions to personnel problems provided by it. [43] The banks is also well experienced in dealing with rivals and has such advantages as reputation, experience, government support and strategy. Entry to foreign markets could be performed in smaller amounts of branches to carefully observe the circumstances. Then, the bank could do a research on local needs as well as level of demand in different regions. Similar method could be applied to the issue with customers, where the bank should study their current ability to afford, their needs, and how the bank can satisfy those needs and gain from that.

**W-O strategy:** The bank has a possibility of facing operational risks, including the fact that the national economy itself is unstable. That is why prioritizing the increase of

demand and attempts to go international are vital solutions, as they provide the potential for greater profit that could compensate the risks.

W-T strategy: The bank has to increase their emphasis on effective planning, forecasting, and strategy, due to the numerous risks like operational or credit ones. The seriousness of Ukraine's current state and lack of confidence in current workforce market and customer loyalty are another reason for the bank to work with its operational expenses and commit researches on a regular basis to be up-to-date with the most recent customer needs.

Overall, currently unraveling war in Ukraine has worsened the HR sphere of banking industry in several ways, all of which have become even more complex throughout 2022 and appear to be impossible to solve. The company will have to search harder for needed talent and might also have financial issues when supporting their employees. While the inflation is growing, the companies suffer as well as their resources are limited and satisfying the salary needs of every staff member can cause the company to become poor. What PrivatBank could do in order to ease the situation is to offer some employees to receive their salary a little earlier so that they are able to pay their bills without the need to wait for their paycheck. A similar action was done by Smart Holding company in 2023, when employees living under more extreme conditions could receive their paycheck relatively earlier. [44]

To conclude the chapter, PrivatBank has one of the largest and probably one of the most well organized, modern, inclusive and efficient human resource systems out of all financial institutions in Ukraine. The bank has an astonishing level of influence on Ukrainian economy as its connections to the government as well as the amount of its branches across the country make it one of the largest creditors to both the people and businesses and banks. At the same time, the bank has a thoroughly planned hiring and training system which helps new employees to quickly adapt and become a complete part of the team. Despite being a very old organization, the bank's policies are not redundant and the management always behaves according to modern trends of inclusion and tolerance. Every staff member is treated with great care as their opinion matters not only for social requirements, but also for strategic measures.

The impressive upsides listed above, however, do not cancel the difficult environment in which the bank currently operates. For the past decade, PrivatBank has been the target for rumors, investigations and trials that were caused by its complicated and corrupt past. Most of the current problems have also been brought by the Russian invasion of Ukraine, during which the market saw a significant decrease in both the customers and the employees. The bank is yet to find a way of stabilizing their workforce during these uncertain times, and they also need to make sure that the costs of their business do not outweigh the revenue collected from the business, which is a matter that might take years to become implemented considering the scale of war.

Nevertheless, PrivatBank remains the supporting pillar for many clients and entrepreneurs, and the scale of the bank, up-to-date personnel treatment and the fact that PrivatBank still manages to be at the top of the banking industry is something to be admired.

## **CHAPTER 3. WAYS OF IMPROVEMENT OF PERSONNEL MANAGEMENT of PRIVATBANK**

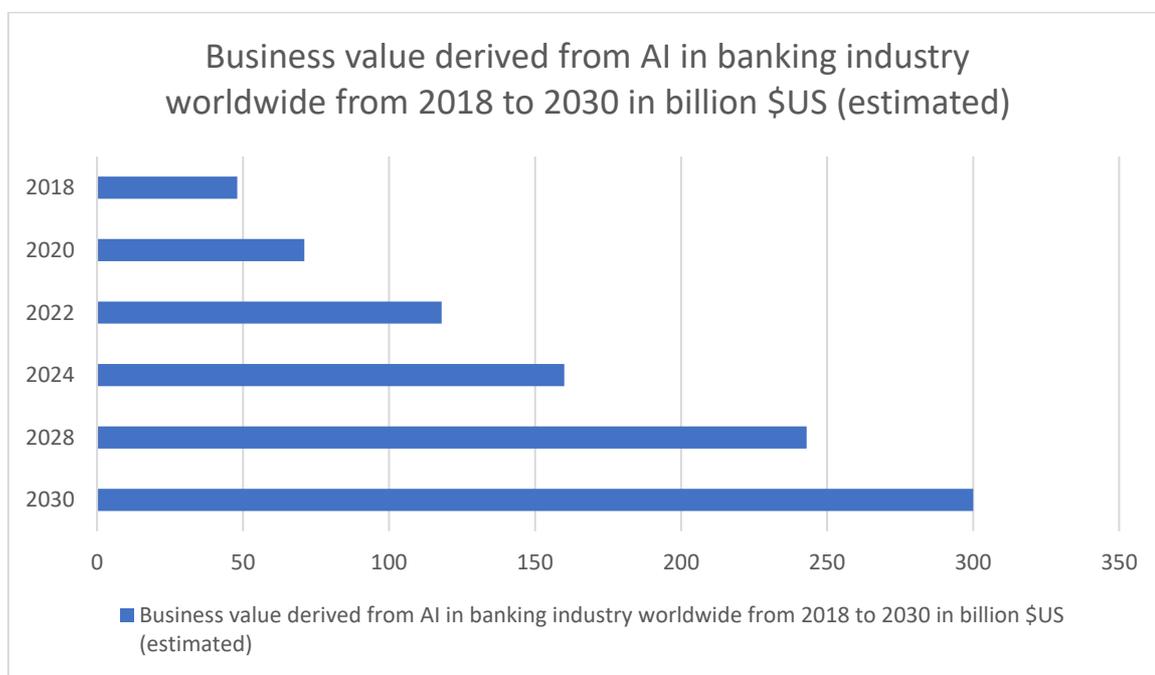
### **3.1. Possibilities of AI replacing personnel of PrivatBank**

Artificial Intelligence has been one of the most groundbreaking, but at the same time controversial discoveries in the last decade. AI has demonstrated its potential in many spheres of human activities as it can take on both technical and creative tasks as well as completing them in a much shorter timespan than human workers. Plenty of AI tools also offer the possibilities of editing their works and making changes based on specific notes left by the users. Even though majority of AI technologies available to the public are still easy to detect and tend to be repetitive in their works, a great amount of people remains worried about the future of their jobs as they believe that artificial intelligence has a real possibility of replacing human work.

People relate to the times when robots replaced several positions at manufacturing industry, as companies find it much less expensive to maintain machines on a regular basis instead of having human personnel on the spot, as that requires plenty of time and effort not only during the work, but before as well. As was described earlier, the process of allocating and hiring human resource is just as complicated as organizing it. HR manager has to conduct a series of very precise activities to ensure that they hire the most skilled and most competent candidate. Even after being hired, the new employee demands constant monitoring and various encouragements to perform better, not even mentioning the obligatory payment, vacation payment, and sometimes even healthcare coverages. Despite the cost of modern technologies, sometimes human cost can outweigh it, especially in the extreme environments of manufacturing, where a person can get hurt. The work on manufacturing industry is usually technical and something that a machine can learn, which has led people from more manual and automatic jobs are afraid that they could be next. According to them, artificial intelligence should be able to learn basic jobs, like customer service or information related positions. [45] By unfortunate coincidence, the work of a bank clerk falls directly under those two categories, as these workers, including ones of

PrivatBank, have duties that include analyzing corporate and client information as well as providing the customers with their service.

Before bringing up such dystopian theories, it is essential to look at the current state of AI and its current use in financial institutions. Although the trend started its major progress during the last several years, the banks have been implementing AI into their activities much longer than that. Similarly to many speculations, banks use AI in security and data transfer measures, as the intelligence can accomplish tasks related to that faster than a regular worker. Artificial Intelligence has especially been popularly used in customer service area, where financial institutions would install special chat bots, that can communicate basic help and filter cases without the need to bother a person.



**Fig. 3.1. Business value derived from AI in banking industry worldwide**

*Source: made by the author based on 15*

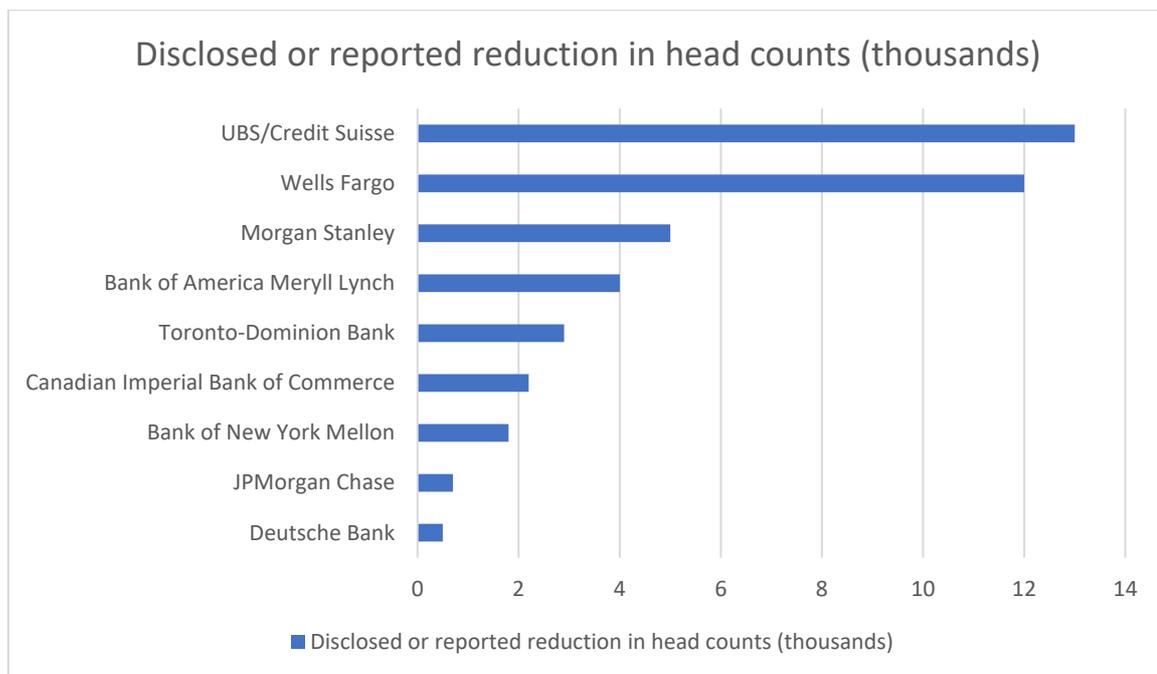
*Forbytes*

As demonstrated on the graph above, the range of AI usage has been exponentially increasing through years and will continue to develop. Considering the international statistics, PrivatBank did not stay away from the trend. It has been known for using AI in customer service, but even more significant steps have been made just last year. During its cooperation with Adastra Business Consulting, which is a widely recognized organization

in information protection, PrivatBank has developed multiple strategies, and has especially studied AI and related strategies. Specifically, the firms have built an AI development strategy, in which the company will improve their usage of artificial intelligence, which will be used to gather insights from the market and making decisions based on that. [46] It is easy to see how artificial intelligence and its technologies have truly reached a near worldwide scale of use, when they are used in everyday activities not just in the top economics of the world, but even in less developed ones. Yet, that may emphasize even more the anxiety of people about being replaced by a machine.

While total replacement of employees with AI is considered an exaggerated vision, the instances of companies preferring artificial labor are not that rare. Some people could even say that implementations of artificial intelligence in a company's operations have been always followed by massive layoffs of employees. As a bright example, Google has been causing layoffs for several occasions, and most of them were in the area of advertising and customer service, something that AI has become much better at recently. Ikea has also replaced their call operators with AI bots. [47] Although majority of companies tend to deny any accusations of staff replacement with AI, coincidences like these as well as insights from workers suggest an opposite picture. Therefore, the question rises if the workforce of banking industry, PrivatBank included, is in any danger.

When talking in terms of worldwide trends, then the replacement of bank staff with artificial intelligence has begun happening as well. Around 60.000 jobs in banking industry were cut in 2023 as a result of enhanced digitalization and AI being used by the institutions. The most popular positions to be replaced by AI were call operators, service consultants, and data analysts. [48] It is not hard to understand the banks' position on the issue, as they see no point in paying people money when an artificial intelligence can do the same thing but faster and cheaper. However, a common trend can be seen in these layoffs, as they mostly target those on lower, easy-to-replace positions. Modern day AI is not developed enough to make reliable plans that could replace real managers, but underqualified duties is something that it can do with relative ease.



**Fig. 3.2. Job cuts in bank industry in 2023**

*Source: made by the author based on 16*

*FT Research*

As for PrivatBank, the company has also shown some signs of layoffs. In particular, the whole financial industry of Ukraine has been cutting their jobs since 2023 at least. While private banks have been laying off more people than state-owned ones (15,7% compared to 8,1% respectfully), PrivatBank was slightly above average with its leadoff of 9,9% of its employees. The bank has also hired less staff than its colleague banks, taking on 20,500 people compared to 29,400. [49] Similarly to previous examples, PrivatBank did not state publicly that these numbers have anything to do with artificial intelligence. Of course, there are much more believable reasons to the layoffs than in the rest of the world. Ukraine has been living in the circumstances of a full-scale war for over two years now. It has already been confirmed that the significant destruction of infrastructure, as well as lack of finances and lack of qualified staff caused by it, were the major reasons for decreasing amount of jobs in the country. [50] Because of this, the layoffs in Ukrainian banking industry and in PrivatBank in particular were most likely caused by other events rather than AI, or it was one of the least important causes. However, it is not impossible for PrivatBank to start

replacing more staff with AI considering its access to these tools, as well as the current cost of operating a business in Ukraine.

In conclusion, there truthfully is a possibility of artificial intelligence replacing the bank workforce, as it can be seen through numerous examples collected worldwide. The possibility of people losing their jobs because the company thinks they take too much is not that far fetched anymore. Even though our country is not in an exact state to participate in these technological breakthroughs, these trends may end up in Ukraine as well. However, there are still limits to AI replacement due to its commonly known flaws. As was seen from the examples in banking industry, it is only capable of replacing the lowest tiers of workers. The positions that do not strictly require certifications, experience, and can easily be taught and explained to a new worker, are mostly targeted by layoffs and AI implementation. The role of managers, and personnel manager in particular, requires a decent amount of critical thinking, adequate decision making, planning and distribution of workforce, which is something AI can only mimic instead of truly thinking. However, modern day personnel managers may need to learn working with AI if it will truly replace a set of workers at the manager's firm. How can a personnel manager's role and duties change with AI, and how it is done today, will be studied in the following part.

### **3.2. Peculiarities of AI personnel management of PrivatBank**

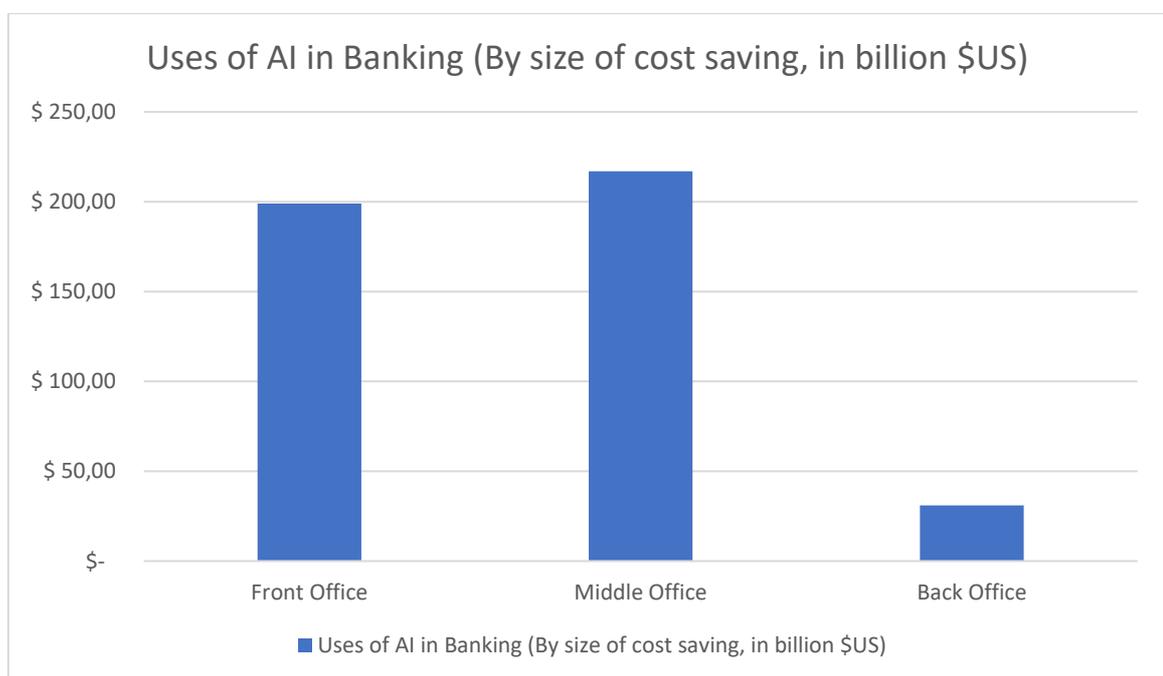
While the prospects of artificial intelligence replacing personnel managers in a financial institution are currently superficial, it is evident that industries already implement AI as an addition to their workforce. Because of that, it is inevitable that HR managers will experience some shifts in their responsibilities and style of work in accordance with the available technology.

One of the main benefits of artificial intelligence to HR management is that not only can it substitute some roles, but it can also complement the role of personnel manager. The tools and resources that are provided by AI can drastically speed up and increase the quality of the manager's work. Most notably, personnel managers can use AI even in the earliest stage of hiring, as it can analyze applications momentarily, sort out the best fits, and report to the hiring department at once. Artificial intelligence can break down the resume files in search of key words that are linked to what the company is looking for in a candidate.

Not only that, but AI can even reach out to the candidates themselves and can even hold conversations in text form. This is commonly used to collect any additional information that was not mentioned in an application, confirm that the application is in progress, and sometimes even to notify the candidate about the interview and suggesting possible time slots for that. [50] These functions are one of the base appliances of AI in recruitment process and have been used in numerous companies for a while. The features greatly simplify and accelerate the lengthy process of talent search and can therefore help personnel manager to spend less time on finding the right fits and instead to focus it on actually working with the subordinates.

When it comes to having an AI replacing a worker and having a personnel management blending it in the team, the managers will also have to take on some new responsibilities. A bright example can be working with AI chatbots as they are becoming increasingly popular in banking institutions. What personnel managers do not want to let happen is assigning human workers with tasks that can be easily done by an AI. The manager will have to sort out activities and provide living employees with tasks that require critical thinking or human relationships. On the other hand, giving artificial intelligence too many

responsibilities can also hurt the performance. There are plenty of topics and questions in banking that an AI may not have an appropriate answer for. A client may have a very specific issue that may require talking to a real representative, so limiting them to being served by an AI can decrease customer satisfaction, slow down problem resolution and will hinder the performance of the team. Therefore, the personnel manager will need to make a list of questions that an AI can definitely handle. Anything that does not correspond with that list should enable the chatbot to call the next available customer service representative and connect them to the client.



**Fig. 3.3. Volume of AI exploitation in banks**

*Source: made by the author based on 17*

*Business Insider*

Another thing that artificial intelligence is used for is data and finances analysis. The positions related to these duties are also often entry-level, which means that the job is understandable enough for AI to learn. It can predict any changes withing and outside the company and make accurate approximations on the potential income. [51] AI is also widely used in cybersecurity area. Financial institutions are largely based on monetary flow. Despite the scale of modern banks, even the slightest frauds are not welcome, as they could

trigger more scams after it, the amount of which could lead to devastating consequences. AI is especially talented at detecting suspicious information as it has a remarkable tendency of detecting patterns. By noticing any repeating patterns and finding connections to financial holes, artificial intelligence can be more effective than basic financial analysts. The HR manager will simply need to specify any happenings that are concerning to the bank and use the intelligence to detect it. It will then need to be programmed to immediately notify the higher ranked analysts of the fraud, so that they can come up with a plan of action. Alternatively, the AI can notify analysts for other matters, by having it monitor the transactions all the time.

To draw an overall pattern, the way that personnel management might be organized in most of financial institutions in the nearest future is in the way that lowest ranked or most technical positions will be left for artificial intelligence to handle. During its work, the AI will report to customer or financial representatives in case it is unable to handle a task or if a decisions needs to be made. Personnel manager also uses AI to substitute some of their roles, like headhunting and hiring. While that is not enough to substitute the manager completely, their work will be significantly sped up, which will provide them with opportunity to focus their time and effort on other duties. For example, personnel manager's role is becoming more centered around human relations and communications. While artificial intelligence solves technical problems, managers can solve people issues. Such things as employee motivation, encouragement, assessment and rewards can be given more attention, as such things can only be addressed properly by a real person and leader. Emphasized collaboration and coaching leads to increase in job satisfaction and motivation to work, which also improves teamwork and productivity.



**Fig. 3.4. Future demanded skills among personnel**

*Source: made by the author based on 18*

*HBR*

All things considered, the role of a personnel manager will not lose its importance in any way despite the developments of artificial intelligence. On the contrary even, its characteristics will become even more highlighted and crucial to the performance of the employees.

An HR manager is able to provide their subordinates a number of things that a machine can never replicate, those being spiritual support and proper recognition of team members. No matter how advanced technologies can and will become, their features lose any relevance when the workers are not motivated to succeed. In the wake of AI being implemented in organizations more and more, human relations only gain their importance, and when talking about personnel management, whose duties are closely related to people skills, that is especially the case.

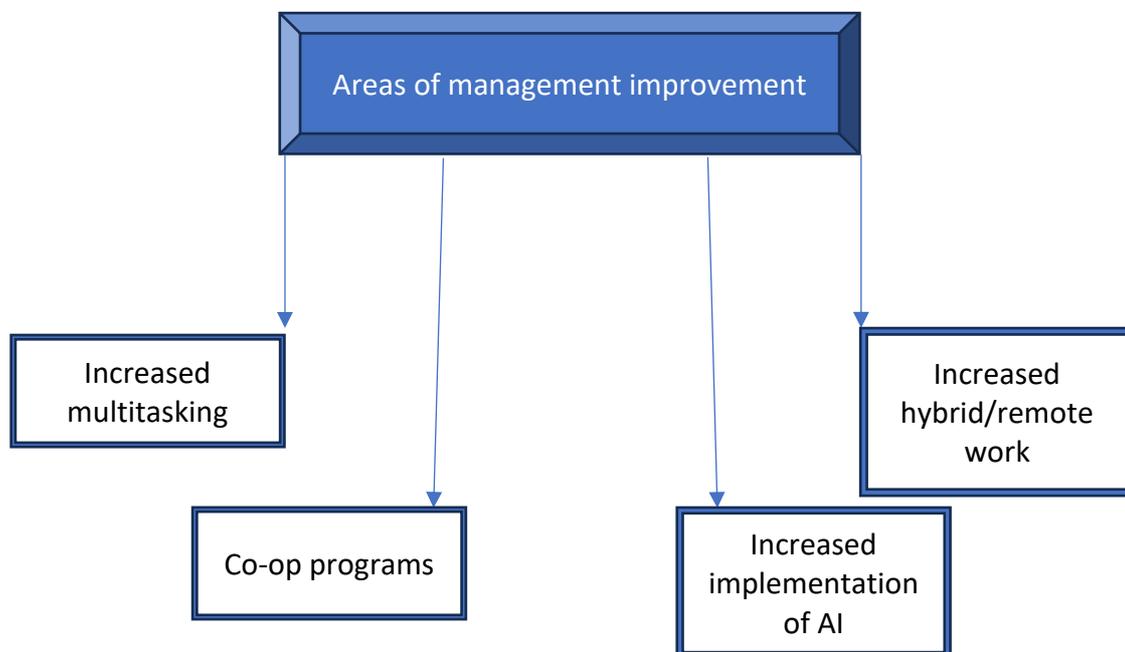
Because of that, being a strong opposer to artificial intelligence is not always the noble or fair position. While it definitely can threaten the existence of some jobs in the banking industry, its benefits to other positions is highly remarkable, so keeping these tools away from an organization can lead to an overload of unnecessary activities and a decrease in staff

motivation, mood, and readiness to work. Moreover, it is very likely that these developments in the industry can lead to people who are experienced in working with AI to be more demanded than before. This therefore can be an opportunity for those who wanted to find an entry-level bank job but did not manage to do so in time.

### 3.3. Suggestions to improving PrivatBank management system.

Based on all the information that was introduced and studied throughout the work, it is not time to summarize it as the means to finding potential areas for improvement in PrivatBank's personnel management.

As we learned from the previous segments, one of the most significant issues in PrivatBank's current HR operations is the lack of competent personnel. This is mostly caused by the current situation in Ukraine, which has radically decreased the size of overall workforce in the country as well as the cost of it. Even the wealthiest and most resourceful organizations may find it hard to afford their current personnel due to increasing cost of living and lack of increases in profit from the workforce. Because of this, PrivatBank's personnel management is currently standing at the crossroads, where the first option is to look for professionals across the country, cover their relocation and high demands, while the second option is to widen the shortlists and consider taking on less experienced but more affordable individuals.



**Fig. 3.5. Main directions for management system improvements in PrivatBank**

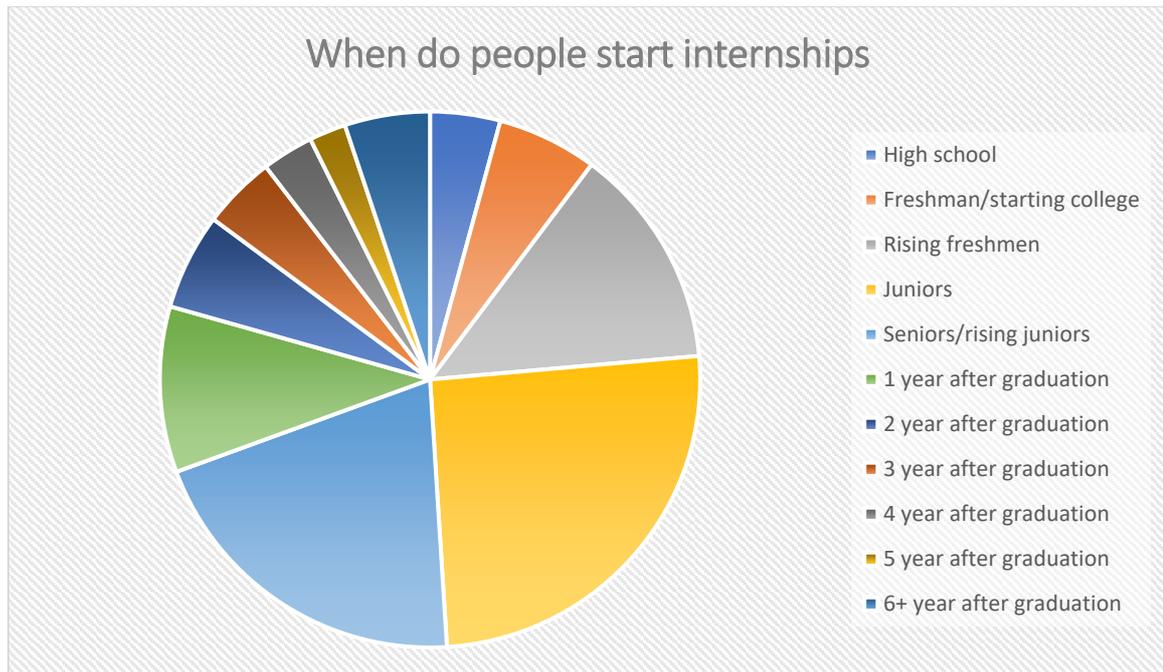
*Source: made by the author*

An optimal solution for this could be encouraging multi-tasking among the existing staff members. People often consider multitasking as the solution to lack of staff as it can significantly decrease the amount of work to be done as the subordinates will complete much more objectives than usual. While this may be true, this option is still debatable for PrivatBank as it may lead to less accurate results due to staff overload of work. Although some firms may afford minor mistakes in accounting, organizations like financial institutions are fundamentally built on these data entries, and even smallest mistakes in reports or customer information can lead to a buildup that might hurt the bank greatly some time in the future. This is especially important in case of a state-owned institution, the work of which directly influences the Ukrainian economy, which could lead to a repeat of PrivatBank's previous enormous hole in financial reports. Because of this, making staff practice multitasking is a potentially profitable but also very risky option for PrivatBank and should only be considered as a last resort choice.

A much more attractive option could be an increased emphasis on internship and co-op programs that PrivatBank could provide to university and college students across Ukraine. Some companies tend to invest into special internship programs, sometimes even for multiple positions at their company. This is done for numerous reasons. While internships greatly benefit the educational institutions, they also help the company to spread awareness about their opportunities among the demographics, as well as increasing the amount of prepared young individuals for the future. These initiatives greatly demonstrate a person's readiness to work in a bank and could even result in hiring for an entry-level position as soon as the internship ends, so these arrangements pose win-win situations. Additionally, having interns work at your company also can save the resources as these internships are either unpaid or paid in lesser amounts than those of regular workers. It also diminishes the risk of hiring a person as the interns are much more affordable for the time they spend at the company.

In addition, those who apply for internships are very often a part of the younger demographics, which means that as the result of the internships the company can get knowledgeable, coachable, and energetic young professionals. That will greatly simplify the

process of training and motivating staff, which is a vital and tiresome part of personnel management.



**Fig. 3.6. Distribution of demographics that begin their internships**

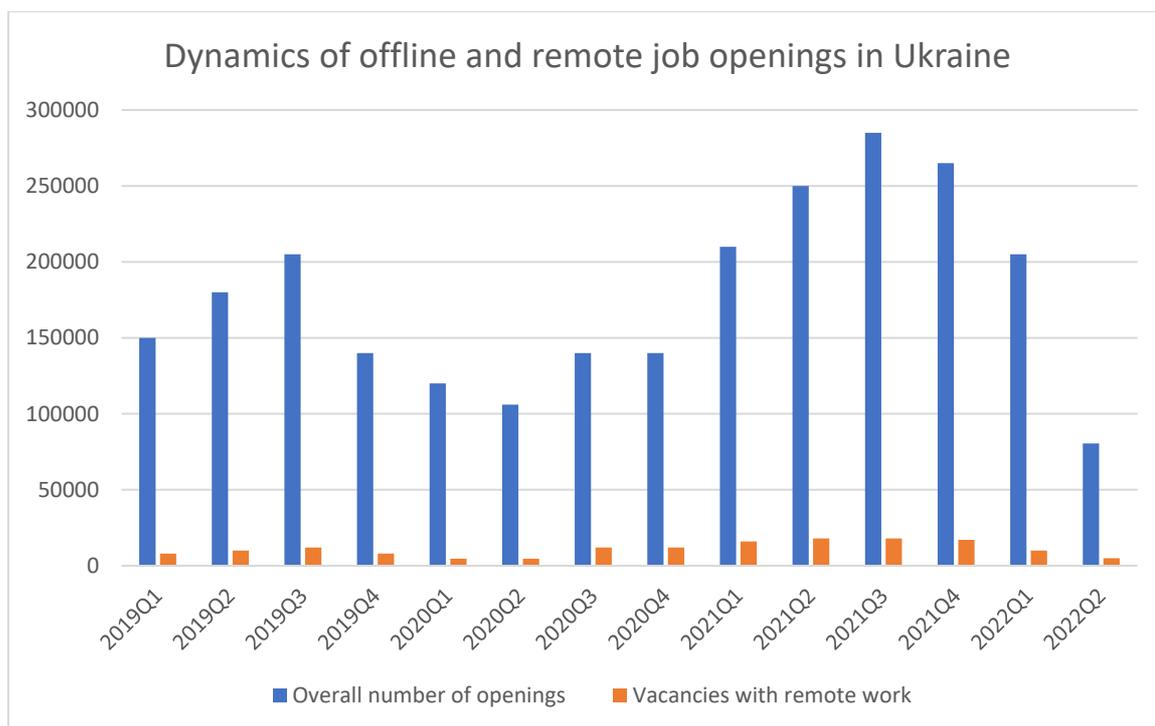
*Source: made by the author based on 19*

*Chegg*

PrivatBank already is known to have a set of internships that are made specifically for university students who wish to participate in the work of this bank to either gain experience needed for their diploma, or to seek career opportunities in financial institutions. It would be very useful if the bank made more steps in that direction and spread the word about its openness to interns across the nation. Closer co-operation with post-secondary education institutions could provide a more significant flow of aspirants and give more opportunities for the bank's HR management to improve.

What the bank could also try to implement in its personnel operations is distance work. Since COVID-19, the majority of modern business has added options for working from home. At the time, it was considered a safety measure from infection, but over some time numerous workers have seen the benefits to this work style. It is more convenient, accessible, and safe kind of work, which has caused many businesses to keep this as an option for their employees. Many companies also promote hybrid style of work, where

personnel mostly works from home but is required to be physically present during some important meetings or performance evaluations.



**Fig. 3.7. Dynamics of open job positions in Ukraine**

*Source: made by the author based on 20*

*Work.ua*

The general leanness towards distance working was increasing in world and in Ukraine particularly even in 2021, long after the major lockdowns. The issue became even more prominent in 2022, when the circumstances caused people to prefer distance due to safety reasons again. PrivatBank could extend the list of distance positions available in their company to simplify their personnel management arsenal at work. Positions that are related to information analysis and communication could possibly be translated into distance form, provided that personnel have appropriate equipment and work setup at home.

One of the major complaints in relation to remote shifts is lack of personal communication. People feel discouraged to work harder and to learn, especially if they are new to the company. Because of this, PrivatBank could apply remote positions to the already existent and experienced workers of theirs. If people feel the lack of interaction, the bank

could make the positions hybrid, especially if these jobs are of higher positions where meetings are required on a regular basis.

Enhanced distance work could benefit the personnel management of PrivatBank in other ways. The management will not need to worry about staff commuting to work, and maintaining offices will become significantly easier when they are less crowded.

Finally, as was suggested in previous segments, the management of PrivatBank could improve their personnel management by enhancing their use of artificial intelligence. Using AI does not mean simply replacing people with artificial substitutes, but using the potential of this technology to make self analysis and predictions for the company's future. Artificial intelligence could be used to collect the bank's balance sheets and additional account summaries, comparing them to current market trends, and drawing conclusions that would summarize PrivatBank's profitability during the coming time periods. Based on that information, the bank's management will have a much broader picture on their next plans of actions. They might find out which areas of the company's operations need improvements or on the contrary are oversaturated with attention. In addition, the company will be able to predict how many people will they need to take on to achieve future objectives, and what segments of their human resources will need more workers. Likewise, the bank can also see if they need to take on new staff at all as sometimes oversaturation of workers is also a part of disorder and lack of profit.

To sum up, PrivatBank truly could do some extra research and improvements on their personnel and general management. It is evident that the bank is aware of numerous trends that have emerged within the last several years, and that it is one of the few Ukrainian banks that have the opportunity to implement these innovations, especially today when even less companies can afford that. PrivatBank should be advised to make a significant investment into their ways of work and personnel advancement as that is consequentially an investment into their own success and future.

## CONCLUSIONS

To reflect on the entirety of information covered in this paper, it is safe to say that PrivatBank is one of the most interesting cases to research. It has a rich and dynamic history that, in a way, played a part in Ukraine's global performance, a prestige position on the domestic financial market, and the capability to implement one of the newest advancements in financial, communication, and personnel aspects of the company's life. PrivatBank has a remarkable workforce segmentation and monitoring system, as well as focus on the latest trends in personnel statistics, which helps it to remain one of the best performing banks on Ukrainian market.

Personnel management in financial industry will quite often adjust previously existing methods and taking these ideas further to additional confounded purposes. Simultaneously, banks will generally underline the subject of motivation of the staff more than different enterprises. It is obvious that thoughtless treatment of this issue can bring about serious dangers to the organization's privacy. Performance estimations and separate activities of enhancements are likewise expected.

PrivatBank and the sector of financial institutions as a whole are very important and relevant topics to study today, because as it was established throughout the work, PrivatBank has a direct influence on Ukrainian economics, and its current state can cause both the developments and the negative trends in the country's performance. This is without even saying that the majority of modern countries are focused on their banks due to them being the backbone of any capitalist nation.

The importance of personnel management in an entity like PrivatBank is also a unique and complicated topic that goes beyond the general understandings of HR handling. As was shown by the example of PrivatBank, personnel distribution is at the base of its management hierarchy, and the adequacy of its maintenance has an unprecedented effect on the bank's profit. The work of financial institution personnel in particular is also much more nuanced than the one of a typical company representative. Excellence in customer service, effective communication, data analysis, and handling private information together with numerous

additional soft skills is one of the base requirements even for entry-level positions at PrivatBank, which highlights the high standard of this entity.

The bank manages to stay on par with modern trends in terms of diversity, fair treatment of staff, and reliable planning when it comes to their handling of personnel management. The only issue that has become apparent in the recent years is the people resources and their current limits in the events of Russian invasion of Ukraine. PrivatBank may have increased its numbers of employees between 2022 and 2023, but the cost of labor and the quality of their human resources are up to a hard test in these coming times.

One of the principal issues emerging from PrivatBank's financial pillars is risk management, accompanied by PrivatBank's internal climate, and although the bank's ongoing tasks might be better coordinated light of more severe administration, the bank is not having the best times.

Simultaneously, the bank has a completely arranged recruiting framework which assists new representatives with becoming a complete piece of the group. The bank is yet to track down an approach to settling their labor force, and they likewise need to ensure that the expenses of their business don't overweigh the income gathered from operations, which is a matter that could require a very long time to become carried out. PrivatBank stays the supporting point for some clients and business people, and the size of the bank, state-of-the-art staff treatment is something to be appreciated.

In spite of the new advances in computer based intelligence, the job of a faculty chief won't lose its significance in any capacity regardless of the improvements of man-made reasoning. Running against the norm even, its qualities will turn out to be considerably more featured and essential to the exhibition of the workers. A HR supervisor can give their subordinates various things that a machine can never repeat, those being profound help and legitimate acknowledgment of colleagues. Thus, being serious areas of strength for a to man-made reasoning isn't generally the respectable or fair position.

Therefore, PrivatBank's main goal for the meantime should be optimizing their human resources as well as the candidates' competency for the job. Because of that, PrivatBank should be advised to promote themselves socially, which should be directed on allocating new people by word of mouth. Spreading awareness will increase the inflow of

potential employees, while enhanced internship programs and interaction with high education establishments will provide opportunities for more skilled workforce.

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## APPENDICES

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