

HOW IS BANKING SECTOR IN ALBANIA ADDRESSING THE MILLENNIAL EMPLOYEES EXPECTATIONS?

Eralda Mitllari²⁹⁹
Mimoza Kasimati³⁰⁰

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Abstract: *In today's changing environment, expectations of the workforce toward its employer have changed. Generations that are now part of the workforce differ from each-other, but the newest one, called Millennials (Generation Y), seem to be the most discussed because it differs a lot from the previous ones. Attracting and retaining Millennials employees, is a very big challenge for every company, and as any other industry, banking sector in Albania is exposed to that. This paper presents analysis of some of the most important activities that banks are engaged to get in with Millennials expectations, while keeping the expected norms of turnover and job satisfaction. Internship programs, participation in work and study fairs, use of social networks are some of the activities that private banks in Albania are mostly using to help on this, but are they attractive enough to Albanian Millennials?*

Keywords: generation, Millennials, bank, student, expectations, attract employee.

Introduction

In today's highly competitive environment, companies have to compete not only for their products and services, but also for attracting and retaining employees. The actual workforce consists of 3 generations: baby boomers, generation X, and Millennials (Generation Y). Although there are no precise timeframes about the years of each generation, demographers and market researchers refer more or less to the same years. In this article we will focus in the newest generation, Millennials, which according to Strauss and Howe (2007), were born in the period 1982 to roughly 2005. In order to decide what to do, what to offer to them, and how this can be done, companies have to be aware of their characteristics and their expectations.

Referring to Schweyer (2015) some of their characteristics/stereotypes are listed as below:

- Continuous (mostly) positive feedback and recognition,
- Career oriented, hard work, achievement, but with balance,
- Seek recognition, detailed feedback,
- Community orientation (global & local),
- Work/life blending.

Referring to different studies, the author of the blog Lucky Attitude, in May 2018 listed all the following characteristic of Millennials: the most educated generation in western history, technologically savvy, civic-oriented, conscious, global citizens, entrepreneurial, flexible, pragmatic idealists, authentic, transparent, frugal, liberal, compassionate, progressive, confident, diverse, practical and results-oriented, team-oriented, non-religious, multi-taskers, nomadic, impatient, adventurous. "The millennial generation may expect so much because they

²⁹⁹ Union Bank, PhD Candidate, Tirana University; Albania

³⁰⁰ Faculty of Economy, Tirana University, Albania

were never denied much. From the nursery onward, Millennials were indulged and made to feel special by parents, coaches, and teachers” said Alsop in 2009.

Companies are facing higher turnover in the early years of employment among the new generation employees, and so they have to be focused on how to retain this generation longer. Deloitte found out in the survey conducted in 2018, that 43% of Millennials plan to quit their current job within 2 years. There are industries, which are having difficulties not only in retaining Millennials, but also in attracting them. Banking sector seems to be one of them. Ghosh in 2016, referring to different sources, considered banking sector as the most potentially disruptive sector. This is an important reason why banks have to consider not only the promotion of their main business, product and services, but also the promotion of the workplace, organization culture, transparency and communication, flexibility at work, life-work balance, opportunity for training and career development, orientation to teamwork, continuous feedback, recognition and rewards.

The Albanian post-communism private banking sector can be considered as relatively new. The two level bank system in Albania was created in April 1992, when the Law no. 7559 “For the Bank of Albania” was approved. In June of 1992, as for this Law provisions, the Bank of Albania (Banka e Shqiperise) was performing as a national bank, following European model, and Banka Kombetare e Shqiperise (National Bank of Albania) began operating as the second level bank. Legal regulations opened the way to foreign and national private capital. In December 1992 the first licenses for private banks were given (BIA Banka Italo Shqiptare-The Italian Albanian Bank, and BASHI Banka Arabo Shqiptare Islamike-The Arab Albanian Islamic Bank). They were joint ventures between one of the state banks and foreign private capital (Banca di Roma, Bank of Islamic Development, individuals and institutions from Arab countries). In December 1993 the private Kosovar-Albanian Bank, named Dardania, was created (Albanian Association of Banks, 2012). The boom of second level banks in Albania was in year 2000, when almost all the current banks were opened and began expanding their net all over the country.

The sector was growing very fast and began to accommodate a lot of graduates. At that time it was one of the most attractive sectors to work in, with attractive payment, great career possibilities, brand new work environment, and with all the safety given from working in well-structured companies, while small business and self-employment was the main characteristic of the labour market out of it. Young people coming from different fields of education had an opportunity to develop and make their career within it. Recent years the banking sector has seen stagnation, by not opening new jobs, unlike the flourishing period up to 2008 (Hackaj, 2015). Financial crisis of 2008, have had its effect even in Albania in terms of expanding the bank network and shrinking employment possibilities, but anyway the sector is still consolidated and a good employment opportunity for young people. According to INSTAT, the Finance and Banking is the third largest sector employer, in the list of the 100 major employers in the country. Currently there are 16 private banks operating in Albania, but the number will decrease as some of them are expected to be merged. Two of them are now confirmed to be bought by two other banks, and are going through the merging process. Referring to the last Annual Report of Albanian Association of Banks (AAB), private banks in Albania counted 6,878 employees at the end of 2017, but with the latest developments of merges and new technology adoption, the number is slightly decreasing.

Millennials are an important part of manpower in this industry with approximately 60% of the total number of banking employees. Their way of doing, stereotypes and expectations are a

discussed topic among middle and senior managers as well as the HR Management of the Albanian private banking sector that feel “difficult to keep these young employees for more than one year and sometimes six months, as they have no patience to construct a career within bank and leave for lucrative payments in call-center industry or some dubious identity organizations” (manager at Card Department, FIBANK, 2018, interviewed for the purpose of this study). 63% of sample of students that just finished their studies or are at the end of their studies expect that promotion will come within their first year of employment. (Mittlari E., Kasimati M., 2018). Under the care of Albanian Association of Banks (AAB), “Human Resources Management in the Digital Banking” forum was organized at the end of the year 2017, where some of the most concerning topics with millennial generation were discussed. This Association (AAB) in collaboration with the non-profit organization Partners Albania have launched the program “Education of young job seekers in banking sector”. This Program, launched two years ago, promotes employment of youngsters in the banking system as well as intents boosting human capital in the sector. Attracting and most important, keeping employees, has been a strategic effort of the private banks in Albania, as the “within sector turnover” had begun to become present in the beginning of years 2000. A lot of money and attention, paying education fees (MBA or CIA), preferential lower interest rates for employee loans, fringe benefits like sports teams, car from the company, paid cell phone, etc., up to action shares related to seniority are reported to be used by the banks in Albania to increase organizational commitment and lower turnover. But is there any special effort to officially address the Millennials’ expectations within the private banking sector in Albania? This was the research question for this paper and will be discussed in the following sections.

Methodology

A literature review was conducted to understand some of the characteristics of Millennials, difficulties and challenges that employers are facing with the newest generation in the workforce, and what is needed to be done in order to attract Millennials. This was followed by careful view in 13 banks’ official websites (81% of total population) to understand what activities they are taking to attract Millennials, are they considering their expectations and are they promoting what they offer to this generation. The look in official websites of the private banks in Albania, as a way to collect information for this, was intentional; we wanted to do as a millennial does when it comes in deciding the employer to apply and work for. The search was conducted in summer 2018, by browsing in the web page and mostly focused in banks’ “Human resources” or “Career” menu, in their Strategies-mission, vision, values and Annual Reports. After visiting all possible, 10 biggest private banks in Albania were taken in consideration, and all analysis refers to this sample (63% of population).

Analyses and findings

In this section is presented all that was found in the official websites of 10 biggest private banks in Albania according to a thematic search, mostly focused on what they are doing to attract employees, and analyze if that is according to Millennials’ expectations. For ethical purposes, names of the banks are only listed in the end, and are avoided during discussion.

Incorporating employees with business strategy

Employees of every generation need to feel that their employer take care of them, but Millennials seems that they want more and more attention; that’s why expressing their attention towards their employees in their strategies, companies’ mission, vision or values is getting very

important. In 10 private banks taken in analysis, four of them (40%) do not express anything about their employees in the mission, vision or their values, and for two of them couldn't be found information about mission, values, or strategy either in the respective menu, or in their Annual reports. That doesn't necessarily mean that actually they don't show attention to them, but in the perspective of a millennial this can be meaningful, as they want things to be evident and transparent (Karapetian, 2017). Referring to authors experience with students and young people who are entering now in the workforce in Albania, cannot say for sure if they actually properly evaluate information about *strategy* and *values* before applying or deciding which employer to work for, but as strategy is strongly related to internal policies, and being aware of the characteristics of this generation, banks have to give a greater attention in it.

Social Responsibilities

Taking care of social responsibilities is a very important activity in today's company operations, and it means a lot to relationship with stakeholders and employees. As it comes out from previous research (Schweyer 2015, PwC's Next Gen2013) Millennials are community oriented; they care not only for the working life. Being part of a company that invests and takes care of community make them feel better. All the 10 private banks taken in consideration are active in this kind of activity. Eighty percent of them have a specific *menu* for social responsibility in the web page, where all the activities in this context are presented. The other twenty percent of banks report their social activities in their websites or in their Annual Report. In general, all of them are engaged in activities such as: education, environment, technology, donation and charity, new entrepreneurship. These are all topics that the new generation value.

Internship programs

Internship programs can be a very good strategy to attract the best students while they are still studying or finishing their studies. Albanian universities and education institutions in general, in the past years "lacked the possibility to offer students more practical programs" (Deputy Director of HRM in Union Bank interviewed for the purpose of this research). Education and training systems that lack elements of involvement of employees, as well as education and training systems that lack components of hands on experience, are considered to be among main reasons why youth in Albania have a long period of career instability (broadly referring to Hackaj 2015).

Eight out of 10 biggest private banks in Albania in focus of this study (50% of total population), have offered or are still offering internship programs for students, in collaboration with universities and other institutions as well as the local government. According to Hackaj (2015), regarding the number of employees under 25 years old that work and study at the same time, 22,2% of Finance and Insurance polled employer companies say they have none in their enterprise. As not all banks include data about interns in their Annual Reports, it is not possible to make estimations on annual number of Millennials having internship in the sector.

In internship programs students can learn more about banking sector, their product and services, their operations, and of course can understand if they want to make a career in this sector after that. At the other hand, by investing in the education and attraction of new generation in the banking sector, banks prepare their future employees. During these programs, banks have more time to evaluate their behavior, abilities, performance and desire to work in this sector, compared to information that can be gathered by a mere job interview. Those evaluated the

most, can have the opportunity for a job in the bank at the end of internship. This can be also an attempt for decreasing future turnover in this generation.

All banks that have offered or are offering internship programs to students have mentioned these in their Annual Report, and some of them have mentioned also the number of interns and of those employed through internship programs. It is not possible to make a head count of students that have gone through this, as not all banks have given numbers in their Annual Reports. There are three out of these 10 banks (30%) that are investing in longer and specific programs. These programs last at least six months up to one year, or for as long as the graduation programs last, and include a payment for performance according to full requirements of a job position. It seems that most of the banks are considering it as a way of attracting Millennials, especially the ones who are entering in the workforce in the last years.

Participation in work and study fairs

In their everyday operations, Human Resources Departments of the private banks in Albania take job applications through predicted channels. Different banks apply different forms, but in general they can be accessed through mail, email, and online application. It's obvious that only those applicants who meet the criteria make it up to an interview; this is usually stated in the job announcements or in the banks recruitment procedures. In the latest years, in order to encourage employment, Government, municipalities and Tirana Chamber of Industry and Commerce are organizing respectively the annual Work Fair and Work and Study Fair. Some of the banks operating in Albania are participating almost every year in these fairs. What they are considering more recently are work fairs organized by University of Tirana, mostly Faculty of Economy, and also other private universities. In general, work fairs organized by universities are free of charge for companies, so they can use it for marketing and also for attracting and being near young generation. Another trend of the last two years is *virtual fair*, where few banks have participated. Taking into consideration technology advancement and how addicted Millennials are to it, virtual fairs would be more important in the next years as a way of relating both parties.

Announcing a job vacancy in social network

People today can find a lot of information while navigating in the social media, and they are getting more and more addicted of them. In the latest years, with the massive use of social media, almost every business has its own profile in pages such as LinkedIn, Facebook, Instagram, etc. According to Schawbel (2013) 62% of HR professionals reported to use job boards and corporate websites to recruit Millennials, 9% LinkedIn, 3% for Facebook and a mere 1% cited Twitter. For the purpose of this study, a look on LinkedIn and Facebook brought out that each of the 10 private banks taken in this study has their profiles in these social medias. Banks use them to come faster to their customers and potential customers, to promote their business, products and services. They are also using LinkedIn and Facebook as channels to announce their job vacancies. As LinkedIn is a professional network, and perceived more easily to find job announcements, the interest was to see if banks are using also Facebook for this purpose, as the youth now is more addicted on this profile than in LinkedIn. A review in the banks' Facebook profiles for three consecutive months (july-september 2018), brought out that six out of the 10 banks (60% of the sample) announce their job vacancy in this media. There could not be found job announcements in Facebook from the other four banks, even though they might have had job vacancy announcement in their official websites in the time of this study.

Financing studies

Students in Albania usually finance university with parents' budget. Although there is not a trend, in the latest years more young people are working during their studies, as they want to become independent from their families and sometimes they merely prefer to work and study simultaneously. In a research conducted with graduates from Tirana University, as well as students in their last year of education, it came out that 43% of the sample although did not have a job at the moment, have worked before for at least three months (Mitllari, Kasimati, 2018). Financing their studies could be very helpful for most of the students, and with benefit for the financing companies too. From all the 10 private banks in focus, two banks only, promote the educational financial support, one for masters' degree and the other one for bachelor's degree, in their website information. The latter has been doing this for the last 11 years. In joint efforts with one public university in Albania, this bank offers integrated theoretical and practical studies in banking profile. This helpful practice is in contrast with the fact that Albanian universities, as mentioned above, in general have lacked to relate practice with the studies. At the end of graduation, the bank offers employment to the best students. This is a way of investing in banking education and in attracting and retaining new generation within the company. Probably there are other banks that are offering financial support for their employees' post university studies, which are not mentioned in the information that they post in their websites.

Transparency in recruitment, opportunity to develop and other benefits

Stated that Millennials appreciate communication and transparency in all kinds of relations, the focus in this section is to discuss the information posted in banks' official websites for personal development topics concerning employees such as recruitment process, opportunity for career development and training, work-life balance, benefits, etc. Most of the banks address the need for transparency with the stakeholders, but is this translated in more information towards young potential employees? Millennial graduates or pre graduates in a sample of 71, when asked to choose among a list of reasons for which they would leave an organization, reported that they would move for unmet expectations in salary rise 35% of them, in work and life lack of balance 29% of them, in lack of promotion 25% of them, inappropriate or lack of training 9% of them (Mitllari and Kasimati, 2018). Companies should consider giving information on these elements in their websites to attract young people in their companies. In the website review of the 10 private banks in Albania conducted for the purpose of this research, came out that 100% of them do have a dedicated *menu* of Human Resources (known in some cases as Career menu), but not in all of them applicants can find full information for the above topics. Half of them are using this *menu* for job announcements only.

Recruitment process

Only 40% of the banks from the sample (or 25% of all population) give full information of the recruitment process, phases in which an applicant should go from the application to employment. Only three of these banks (75% of the above) include information about the number of the new employees for each year in their Annual Report. Information on recruitment procedures, paired with the number of new employees per year, can be a sign of the company's progress and assures applicants about organizational justice.

Career development and trainings

50% of the banks in the sample (31% of the total population) give information in their websites about possibility for development, career, and training. In some cases, this information is generic, intending a certain promotion of the bank's employees. If we cross information with additional information that comes from their Annual Reports, something more can be said about fields of training, specific programs for managers or talent management. In three out of all 10 banks, there can also be found statistics about employees promoted within each bank in the previous year. Almost 50% of the banks give specific details about training themes, number of hours provided to their employees. Two of the banks have mentioned even e-learning as a way of training their employees.

Work and life balance

It was difficult to find something about this subject in the information made public by the banks about themselves. Only one bank has mentioned this topic in the human resources *menu*, providing general information about employees' social activities. There couldn't be found any information about banks offering flexible hours, or supporting maternity, or anything of this kind.

Rewards/ benefits

Only one bank has listed some of the rewards/benefits employee can have while working there. In a few cases, some scarce information about monetary reward and bonuses, and general criteria for achieving them could be found.

Conclusions and Recommendations

Albanian private banking sector is an important sector of employment, but it is exposed today to a higher turnover than in previous years, especially in the young generation. Important part of employees in this sector are Millennials, born between the early 1980s and 1990s. Aiming to decrease the turnover, banks are focusing in adaption of retaining strategies, which for Millennials need to have some specificity. Private banks in Albania need to be smarter in attracting young employees, as the sector seems not as much attractive as it was 10 years ago, and "the most educated generation in western history, technologically savvy, multi-taskers, civic-oriented, conscious, authentic, results-oriented, team-oriented" Millennials are also "transparent, entrepreneurial, flexible, pragmatic idealists, frugal, liberal, compassionate, progressive", and also "confident, impatient, nomadic, adventurous, practical and results-oriented."

Through a review conducted in the official websites, covering 63% of them, it can be found that private banks in Albania are engaged in activities that help them attract Millennials, such as internship programs, participation in work and study fairs, social responsibility, and also in providing trainings, career development opportunities, and other benefits. Although they can provide better possibilities than other sectors in the country, they still need to try harder in promoting all these, as the information made public, is mostly vague and not representing what really happens behind the doors. Referring to Millennials' characteristics, considerable number of banks do not provide enough/or structured information in their human resources *menu* for all the benefits and rewards they offer to their employee, lacking a powerful tool for attracting young valuable people. The recommendation is that banks work on it, by giving information on

recruitment processes and benefits, and also interface their approach for employees with the main strategies. That is not a guarantee for attraction, but it can help.

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