



**UW Faculty of Management**

**Working Paper Series**

No 1/ March 2014

**A FOREIGNER OR A POLE – WHICH EMPLOYEE TO  
CHOOSE?**

**Alicja Dobrzyńska<sup>a</sup>**

*<sup>a</sup> Faculty of Management, University of Warsaw, Poland*

*JEL classification: F22, J33, J31, J24, J41, M51*

*Keywords: foreigners, employment, banking, labour*

*Faculty of Management Working Paper Series 1/ 2014*

UW FM Working Paper Series are written by researchers employed at the Faculty of Management of UW and by other economists, and are published by the Faculty.

DISCLAIMER: An objective of the series is to get the research results out quickly, even if their presentations are not fully polished. The findings, interpretations, and conclusions expressed in this Working Paper are those of their author(s) and do not necessarily the views of the Faculty of Management of UW.

© **By the Author(s)**. The papers are written by the authors and should be cited accordingly.

**Publisher:** University of Warsaw, Faculty of Management Press

Address:

Str.: Szturmowa 1/3; 02-678 Warsaw, Poland

Telephone: +48 22 55 34 164

Fax: +48 22 55 34 001

*This paper can be downloaded without charge from:*

<http://www.wz.uw.edu.pl/serwisy,witryna,1,dzial,326.html>

*Information on all of the papers published in the UW Faculty of Management Working Paper Series can be found on Faculty of Management Website at:*

<http://www.wz.uw.edu.pl/serwisy,witryna,1,dzial,326.html>

**ISSN 2300-4371 (ONLINE)**

## **A FOREIGNER OR A POLE – WHICH EMPLOYEE TO CHOOSE?**

**Alicja Dobrzyńska**

*<sup>a</sup> Faculty of Management, University of Warsaw, Poland*

*alicjadobrzynska@op.pl*

### **ABSTRACT**

The work presents the results of the preliminary research on the employment of foreigners' that were conducted among Polish banking institutions being the international corporations with a global reach. The initial results of the analysis shows the potential impact that specific employment policies exert on personal attitudes of foreign executives and operations of the companies in which they are employed. The analysis described in this work identifies the most important elements which hinder the development of those banks whose employment policies are based on the assumption that hiring foreigners is more beneficial than taking on local managers regardless of their familiarity with Polish market mechanisms. The qualitative research that were conducted in the form of the scenario-based interviews, were carried out with both, a group of managers (mainly heads of HR departments and senior executives) cooperating with the foreigners on everyday basis, and the foreigners themselves. The preliminary studies have revealed a number of trends and phenomenon that were described within this work.

*JEL classification:* F22, J33, J31, J24, J41, M51

*Keywords:* foreigners, employment, banking, labour

## **Contents**

<b>1. INTRODUCTION .....</b>	<b>5</b>
<b>2. THE RESEARCH PROBLEM.....</b>	<b>7</b>
<b>3. RESEARCH METHODOLOGY.....</b>	<b>7</b>
<b>4. RESEARCH QUESTIONS .....</b>	<b>8</b>
<b>5. OBSERVED PHENOMENA .....</b>	<b>8</b>
<b>6. FINDINGS.....</b>	<b>16</b>
<b>7. CONCLUSIONS .....</b>	<b>19</b>
<b>8. REFERENCES.....</b>	<b>20</b>

## 1. INTRODUCTION

Hiring foreigners has not only become a permanent element of large international corporations business, but a widespread trend. The dissemination of this trend, also on the Polish labour market, is one of the symptoms of the economic globalization. The capital is becoming more international and the classification of its origin is increasingly difficult.

**Table1**

The division of banks operating in the European Union by the level of assets, employment and the number of branches.

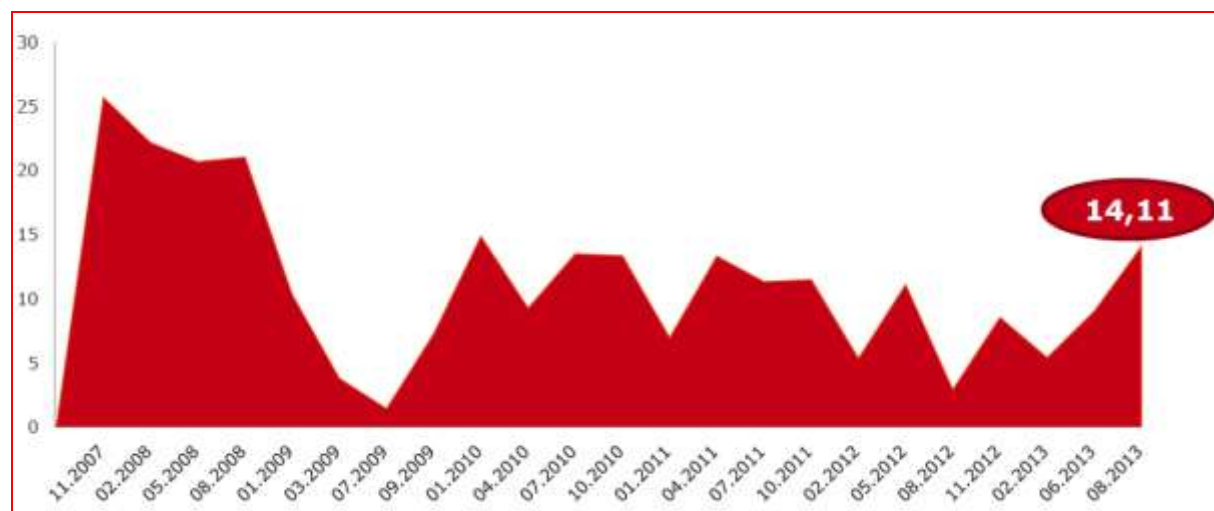
EU biggest banks (2011)	Country	Total assets (EUR)	Total assets / Country GDP (%)	Total assets / EU GDP (%)	Employment 2011 (persons)	No. of branches in Europe	Percentage change of assets within 2007–2011
Deutsche Bank	DE	2 164,103	84,8	17,4	100 996	2 735	12,4
HSBC	UK	1 967,796	119,8	15,8	288 316	1 984	22,2
BNP Paribas	FR	1 965,283	99,8	15,8	198 423	6 816	16,0
Crédit Agricole Group	FR	1 879,536	95,4	15,1	162 090	9 924	22,0
Barclays	UK	1 871,469	113,9	15,0	141 100	2 602	12,0
RBS	UK	1 803,649	109,8	14,5	146 800	2 477	-28,0
Santander	ES	1 251,525	118,2	10,1	193 349	7 467	37,1
Société Générale	FR	1 181,372	60,0	9,5	159 616	6 456	10,2
Lloyds Banking Group	UK	1 161,698	70,7	9,3	98 538	2 956	141,5
Groupe BPCE	FR	1 138,395	57,8	9,1	117 000	8 388	-
ING	NL	961,165	161,5	7,7	71 175	1 938	-3,3
Unicredit	IT	926,769	59,4	7,4	160 360	8 068	-9,3
Rabobank Group	NL	731,665	122,9	5,9	59 670	906	28,3
Nordea	SE	716,204	197,4	5,8	33 068	1 097	84,1
Commerzbank	DE	661,763	25,9	5,3	58 160	1 598	7,3
Intesa	IT	639,221	41,0	5,1	100 118	6 603	11,6
BBVA	ES	597,688	56,5	4,8	110 645	2 965	19,1
Standard Chartered	UK	461,284	28,1	3,7	86 865	3	104,5
Danske Bank	DK	460,832	193,7	3,7	21 320	620	2,6
DZ Bank AG	DE	405,926	15,9	3,3	25 491	25	-5,9
Landesbank Baden-W.	DE	373,059	14,6	3,0	12 231	217	-15,9
KBC	BE	285,382	80,5	2,3	47 530	2,058	-19,7
Handelsbanken	SE	275,514	75,9	2,2	11 184	747	40,0
SEB	SE	265,219	73,1	2,1	17 571	362	6,9
Banca Monte dei P.S.	IT	240,702	15,4	1,9	31 170	2 965	48,5
Erste Bank	AT	210,006	71,2	1,7	50 452	2 150	4,7
Swedbank	SE	208,464	57,4	1,7	16 287	554	22,5
RZB AG	AT	150,087	50,9	1,2	60 599	2 977	9,2
UBI	IT	129,804	8,3	1,0	19 407	1 919	6,8

Source: "High-level Expert Group on reforming the structure of the EU banking sector", the report prepared by a team of experts, chaired by Erkki Liikanen, the Governor of the Finnish Central Bank and a member of the Governing Council of the European Central Bank.

The Security Indicator of the Economic Activity, September 2013, showed that according to Polish companies, the level of safety of conducting economic activity within June – August of 2013 rose to 14.11 points. This is the highest figure since January 2010 so for more than three and a half years. It shows the sense of business security in Poland is still rising and in turn may attract foreign investors.

**Table 2**

Indicator of the level of security of conducting economic activity



Source: The BIG report, September 2013, (the “BIG” indicator may range from -100 to 100. The increase of its value represents an improvement in the assessment of safety of the economic activity)

According to the survey of large companies operating in the financial sector conducted by Deloitte in 2003<sup>1</sup>, about 850 thousand jobs in this sector could be transferred to other countries. In the context of the above data and the fact that among 20 largest banks operating in Poland only 4 have the majority of the Polish capital, the following question seems relevant - what impact the employment of foreigners, being in fact the determinant of the condition of domestic economy, has on the Polish financial market?

Providing the answer to this crucial question of the nationality of the employee may seem difficult unless the job description that the employee applies for is specified and the concept of a “foreigner” itself is adequately defined.

Bearing this in mind, I have decided to narrow the focus of my research and take advantage of my personal work experience related to banking. I have defined the term “foreigner” according to the definition provided by Polish law, as a person who remains on the Polish territory without holding a Polish citizenship.

In the deliberations on whether the origin should be important when choosing an employee I found it helpful to make some additional distinctions, the validity of which was later confirmed by the interviews.

<sup>1</sup> Deloitte survey (2003) *New Business Economics: The future of investment banking research*, Location: Publisher, [http://www2.deloitte.com/content/dam/Deloitte/global/Documents/DTT\\_DR\\_RightSizingResearch.pdf](http://www2.deloitte.com/content/dam/Deloitte/global/Documents/DTT_DR_RightSizingResearch.pdf)

## **2. THE RESEARCH PROBLEM**

The aim of my work is to present the results of the research on foreigners' employment policies implemented in Polish banking institutions, being the international corporations with a global reach, and to analyse a potential impact of these policies on personal attitudes of foreign executives and operations of these companies conducted in Polish economic reality. I do believe that the results of my research will supplement the existing knowledge of this economic phenomenon with a thorough analysis of the characteristics and trends related to the employment of foreigners on key, decision-making positions in the banks in Poland. The analysis proposed in my dissertation will allow identification of the most important elements which hinder the development of the banks, which have based their employment policies on the assumption that hiring foreigners proves more beneficial than taking on local managers regardless of their familiarity with Polish market mechanisms. The qualitative research in the form of the scenario-based interviews will be carried out with both, a group of managers (mainly heads of HR departments) cooperating with foreigners on everyday basis, and the foreigners themselves. The analysis of the data will be presented in the context of the latest quantitative data on the banks' results and the specifics of the entire industry, but also in view of the performance, quality, work ethics and cultural, political or economic considerations.

## **3. RESEARCH METHODOLOGY**

So far, I have carried out the scenario-based surveys with 5 people from the target group of the managers supervising the HR units, coming from a few banks from the selected 10. The interviews were held in October and November 2013. For the sake of relevancy appropriateness of my research I have decided to contrast the views and opinions of the following speakers:

- Heads of HR, as they are responsible for creation or monitoring of the following processes: selecting and hiring employees, evaluating, career development, remunerating, describing positions, structuring employment and many other processes that shape the strategy of the organization;
- High-level managers cooperating with the foreigners, including the management board members, who I will ask about the overall impact of the policy of hiring foreigners on the functioning of the organisation and about their communication experience with people having different roots and coming from other cultures.
- The foreigners, including members of the banks' management boards and heads of business lines, from whom I would like to get information about the management tools, the models they use and the factors that determine various career related decisions.

Because my research is still in the early phase I allow the possibility of amending or rewriting of certain theses so that they reflect the obtained results.

While formulating the concept of my dissertation I have drawn on Polish and foreign literature on the subject of the qualitative research. To create the most appropriate structure of the interviews I made use of the comments of my supervisor, Mr Jacek Pasieczny, PhD, Professor of the Department of the Organisation Theory at the University of Warsaw. I have also held a “brainstorming session” with my colleagues from the banking industry. Among others, the following literature was the greatest reference: "Interpretation of the qualitative data" of Mr David Silverman, "The employees about the employers” of Mr Krzysztof Kliniewicz and “The methodology of social research " of Mr Stefan Nowak. As a result, three in-depth and explorative type of interviews based on different scenarios have been designed. During the interviews I have posed some additional questions to expand and explore some relevant issues.

## **4. RESEARCH QUESTIONS**

At the concept phase, I have formulated the following exploratory questions:

- Does the fact that foreigners are employed for relatively short terms by the local banks affect the long-term results of their decisions?
- Is the cost of employment of foreigners balanced by the quality of work they provide?
- What reasons drives the companies to decide to implement the policies of temporary employment of foreigners in the countries they operate?
- What is the ideal employment ratio of the foreigners vs. locals?
- How foreign language affects the performance of employees?
- Are foreigners and local employees treated the same? If not, what are the consequences of such approach?

## **5. OBSERVED PHENOMENA**

The research conducted among the heads of HR units allowed to observe some common problems and trends related to the issue of working with foreigners in banking. During the scenario-based interviews, the interlocutors drew attention to the following issues:

### **5.1 Costs**

The total costs related to the employment of foreigners may be even several times higher than the costs of hiring comparatively skilled local workers. My interlocutors pointed out that the wages that foreigners are offered are always higher than those of local workers. If foreigners are hired on local contracts, the differences are very small and the trend indicates that, with time, these divergences will disappear. However, if a foreigner is subject to a company policy concerning so called “transferred” employees, than the wage goes up to 2 -



7 times in comparison to the one that a Pole presenting similar qualifications may be offered.

In addition, the multinational corporations often oblige their branches or subsidiaries to use specific international service providers, which are frequently more expensive than those offered by local providers. Centralized tax, legal, IT, HR services or call centres are used in almost every bank, despite the fact that according to Kazimierz Zimmiewicz, the author of the book "The contemporary concepts and methods of the management", the most successful companies do not use outsourcing and prefer having the biggest possible share in the final product. Some interlocutors indicated a lower quality of such services in relation to the time when they were delivered within the bank in Poland or provided by local suppliers. Notwithstanding, the opinions on the costs of such services differ. Other interlocutors presented an enthusiastic and outsourcing-oriented approach, listing a number of reasons supporting it. The main one was that thanks to outsourcing they got rid of a large part of their daily duties. However, some interviewees perceived the outsourcing services as unnecessary expenditures, too high in relation to current financial capacities of the company. One of the cited examples was the agreement signed by the parent company with the equipment supplier located in certain place in the world and having no representative offices. In this case the cost of the transport to various places around the world has become disproportionately high.

The interlocutors gave various examples of failed attempts to implement the reporting and IT systems which cost millions of dollars, and which ultimately failed to be implemented due to the specificity of the banking industry and Polish legislative requirements. In each of these cases the managers I spoke with tried to warn their parent company of that the chances for success of such projects were slim. It, however, turned out to be impossible to treat Poland as an exception or to dissuade the owner not to implement the model solution.

Almost all of the interlocutors highlighted the same reasons for implementing the centralised solutions or buying some outsourcing services by the daughter companies. The main goal was to standardize the process of the data collection and reporting<sup>2</sup>. By unifying the systems, the parent company probably wanted to facilitate the management of the companies located across the world. The interviewees stressed that local companies are sometimes forced to buy some expensive services that do not bring any benefit to the daughter company.

## **5.2 A lack of confidence in local employees and their competences - discrimination on the grounds of national origin**

The employment of foreigners in Polish branches of the international organizations may suggest lack of confidence in the local employees with similar skills and knowledge, as the

---

<sup>2</sup> Deloitte report (2007) *Why Finance Transformation Matters in Global Manufacturing*, Location: Publisher, [http://www.deloitte.com/assets/Dcom-Albania/Local%20Assets/Documents/al\\_dr\\_fintrans073007\(1\).pdf](http://www.deloitte.com/assets/Dcom-Albania/Local%20Assets/Documents/al_dr_fintrans073007(1).pdf)

costs of employment of a foreigner are higher. Local employees usually are not offered the level of benefits as are usually being offered to foreigners. Such benefits are related to various payments i.e. language courses, private schools for children, sponsoring of the organizations related to the country of origin of the foreigner, compensation fees for the partner etc. The interviewed persons, however, indicated that in some companies this formula has already been exhausted and it looks like the companies will be moving away from it due to high costs. Some interlocutors' rationalized the lack of confidence in local employees with the examples from the past, recalling situations where the board of one of the newly purchased banks, having Polish employees only, was given an autonomy to act. The management board of this bank was hiding negative results and never showed a poor performance or any issues to a company owner. This led to the collapse of this bank and was very critically assessed by the interlocutor.

One of the things, which were pointed out in respect of the discrimination on the nationality origin grounds was a language skill. Those interlocutors who declared the proficiency level knowledge of a foreign language did not notice the problem, but the ones, who had difficulties with the language, recalled situations in which the employees who know the language better were favoured despite the fact that their other job-related competences were much lower. One of the comments led to a conclusion that newly coming foreigners do not learn Polish or any other foreign language, what in consequence raises various communication problems. It was also complained that the Poles who do not speak foreign language fluently are assessed as worse than the ones who do because the inaccuracy of the formulated messages may give the impression that such employee is less intelligent and capable than he actually is.

Another example that illustrated the unequal treatment was hiring foreigners for key positions in the company. The grounds were both the ignorance of Polish banking market and a lack of knowledge on the specificities of the supervised area. The interlocutors jointly answered to the question "How long does it take for a foreigner who is coming to Poland to achieve the knowledge which allow him to make the right decisions " (indicating a period of 2-3 years).

### **5.3 Not promoting a forward kind of thinking and not taking the responsibility for the long-term results of the decisions taken**

A relatively short period of foreigners' residence in Poland may result in their reluctance to come into relationships with local employees and lack of interest in exploring the knowledge of local history or social, economic and political matters of the country, what in consequence may lead to a poor understanding of the local market and lower the competitiveness of the company. Foreigners who are aware that their stay in Poland may be short-termed, may prefer taking the decisions, which positive results will be noticed in the short term, and eventual negative results will be seen in later periods.

The interlocutors indicated that because foreigners are on temporary contracts and often seek for new destinations quite long before they are planning to leave Poland, it

happens that even a year before the scheduled departure they stop engaging in a meaningful, large projects and their performance and commitment decrease significantly.

The interlocutors pointed out another aspect related to the issue of not taking by the foreigners the responsibility for the actions that negatively affect local company often after a long time. The interviewees provided the examples of such situations when managers who have badly administered the supervised area and made some bad decisions leading to considerable losses for the company in subsequent locations received higher positions in the company hierarchy. This was bad not only for the motivation and morale of those Polish employees who stayed in the company, but also negative affected the approach of the newly coming managers.

#### **5.4 A lack of motivation to achieve a success on the local market**

The foreigners, due to relatively short periods of stay in one country, are more likely to make the decisions, which will strengthen their position in the organization and not the ones, which will strengthen the position of the company on the Polish market. In situations of a conflict of interest between a mother and daughter companies the foreigners may show a tendency to prefer solutions that are in favour of the parent company. According to Harvard Business Review research people who are becoming managers the have the survival instinct that dominates the willingness to take risks.<sup>3</sup>

Not all heads of HR had the knowledge on how the foreigners were assessed by their foreign superiors. Only part of the interviewed persons admitted that the evaluation process of the foreigners seemed transparent and linked to the performance of the plan. In some cases, the responses suggested that foreign superiors were giving foreigners high ranks despite their underperformance. Moreover, their salaries and annual bonuses increased.

The interlocutors, depending on the form the bank has registered its activities in Poland, indicated that those foreigners who worked for the bank's subsidiary were holding rather the representative or audit functions than the management related ones, therefore, the results provided by such persons were not as important for the owner as the aim of having the positions filled. This may be one of the reasons why foreigners are not highly involved in improving the performance of the local bank.

#### **5.5 The ignorance and a lack of understanding with regard to local conditions - imposing the schematic solutions**

Large corporations often create the templates of the processes and procedures, which are implemented across the countries in which they operate. In some cases this might create difficulties in conducting a business. Foreigners who are coming to Poland need time to become familiar with the mechanisms of the local market or the customs of the country.

---

<sup>3</sup> Zaleznik A. (2008) *The secrets of the effective business leaders: Managers and Leaders. What are the differences* Warsaw, Harvard Business Review Polska, pp.33

Moreover, building a new, local business relationships is sometimes time consuming. The result is that foreigners choose to support themselves with the schemes of solutions already developed by the company, but which often do not take into account the specifics of doing business in Poland. All the interviewed persons shared observations about newly coming foreigners who tried to translate their experience of running a business in other countries into Polish ground. The idea itself was not criticized as the know-how itself was mentioned as the most valuable element of the transfer of employees, but the ignorance of local conditions and not giving voice to local experts and advisors, often led to failure in the implementation of these projects. The interlocutors, however, showed their understanding for the idea of implementation of the uniformed solutions in owner's companies located in different parts of the world. Nevertheless, in their opinion, what should be taken into account was the mentality of local customers, the diversity of needs, the culture and local customs and also the political, social and economic condition of the local market. Otherwise, they said, it will result in company's failure to accomplish its objectives and expose it to unnecessary costs. Another aspect of the implementation of the failed solutions is a human dimension. Some projects which lasted years and which implementation involved considerable amount of the resources and energy were mentioned as an example. The failure of implementation of such projects often left a company's employees with a personal sense of failure and disappointment, which then was translated into the employees' attitude to work.

## **5.6 Too low competences and experience of the foreigners in relation to the seniority of the positions taken**

It happens that the education and experience of the foreigners was not relevant to the functions that were assigned to them. The foreigners are sometimes less educated than their subordinate employees. The interlocutors mentioned some embarrassing examples of people who sit in the management or supervisory boards of their banks and whose education and professional experience was very poor. Some of these people have not completed any higher education.

The competences related to work experience were assessed by the interviewed persons very differently. Some explained that if foreigners are sent to the Polish banks only for the audit or representative purposes, therefore their professional experience does not have to be extensive. Those, whose experiences with foreigners were different, i.e. they had a wide range of decision-making freedom and their impact on the company's performance was strong, admitted that the experience, or rather a lack of it, was crucial for the future of the company. The interlocutors admitted that the next destination for an " expat " in the vast majority of cases was associated with the advancement in the hierarchy of their company. Therefore, the experience of the preceding jobs was often perceived as insufficient to take up the next position, which was higher, more challenging, difficult and requiring larger scope of competences. This is the reason for various kinds of the decisive failures of the foreigners, according to the interlocutors. One of the examples mentioned was a manager of a branch of the bank who was sent by the parent company to take up a position of a board

member of a Polish bank. The interlocutor who told the story stated that in such model of the employees' promotion it is hard to expect a success in doing business.

On 22 November 2012 the European Banking Authority has issued the "Guidelines on the assessment of suitability of members of the management body and the key functions holders" which were due to be implemented by 22 May 2013. According to these guidelines the banks are obliged on various occasions (i.e. appointments) to study the resume, education, trainings, relations with other organisation, references, criminal records, enforcement proceedings, sanctions, reputation, shares, financial and non-financial relationships with the family members of the key function holders. The Polish Financial Supervisory Authority has asked banks to inform about the implementation of the guidelines in the "comply or explain" mode.

## **5.7 Competitiveness**

Banks are expected to be in line with the decisions of the parent company. Some of such decision, however, are very difficult to implement in Poland, due to various constrains. That is why local, competitive companies often respond quicker to client's urgent needs. Especially in vertical and strictly hierarchical structures, where decision-making responsibility is spread among many persons within the company and obtaining final approval for particular decision might be time consuming. In such situations, a well-designed decision-making process can become one of the biggest competitive strength. The speed of the decision-making process is nowadays a determinant of a survival on most global markets. The interlocutors, however, shared various observations on this issue. In the banks operating as branches, the internal communication and decision-making processes were ranked better than in subsidiaries. Those interlocutors who worked in the banks having complex structures, in which the scope of responsibilities was not precisely formulated, and the IT tools were not helpful, have complained on the length and disability of the decision-making process. A company, which has determined the frequency of the meetings to once a quarter, was mentioned as an example. During such meetings some decisions on major development projects were to be taken. The effect of the low frequency of meeting was that some processes lasted much longer than originally planned. Moreover, a number of valuable employees quit their jobs and some became less effective or unmotivated. Another example on the consequences of the prolonged decision-making process regarded the documentation of a transaction with the potential customer. The employee has collected the documentation for so long that eventually the client resigned to conclude the transaction. The interlocutors have naturally combined the competitiveness with the public relations and reputation aspects. It is worth mentioning that failure to meet customer's expectations can also be negatively reflected in the press. Banks, as many other companies, build their competitiveness on their clients' recommendations. Banks, which are perceived by its clients as ineffective, will not be recommended to their business partners.

## **5.8 Low decisiveness**

The decisiveness of the foreigners is usually limited by the expectations of the parent companies. The foreigners whose role is to represent the mother company are often challenged to fulfil the commands of their foreign superiors and not to take too much of the independent decisions. Here, the opinions on the decisiveness of foreigners were different again. Similarities could, however, be observed in the form in which the mother company has conducted the business. Those interlocutors who have indicated a wide decisive competence of the foreign employees worked in the bank's branch. The ones who indicated the limited competences, had mostly worked in the subsidiaries. I have analysed the responses of those interlocutors who had noticed the problem and came to a conclusion that the issue of low decision-making powers might be associated with the level of expectations that the parent company have in relation to the transferred employees. Some interlocutors have linked this issue with the reasons for which the foreigners were transferred to some other countries. Heads of HR have jointly admitted that foreign employees are offered the positions located abroad mostly because there is no longer a place for them in the structure of the company. The other example was when a company for some reason did not want to have a relation with an employee but there were no grounds for dismissal. According to the interviewer, the "celebrity" type of employee (no matter the nationality he or she represents) who actually was sent abroad to improve the situation of the local company, was more likely to continue focusing the efforts on networking, building private career and searching for more attractive places than correcting the mistakes of his predecessors.

## **5.9 Low work effectiveness**

Since the foreigners have limited motivation and greater employment stability assurance they may be less effective than local employees who in most cases do not share such stability. The low productivity of foreigners may also be associated with limited decision-making competencies. In most of the analysed banks the foreigners' role was seen as kind of a liaison between the parent company and the local business. A lack of decision-making powers may affect the motivation and lower the efficiency of such employees.

Some examples were given to describe the involvement of foreigners, which did not bring the business results. A case of a young, energetic and diligent manager was mentioned. The foreigner was sent to Poland to improve the results of the weak performance of some business line. Even though he was the employee who always came to the office first and left the office last, the results have never been improved and after few years he was sent to some other destination.

One of the interlocutors have called the foreigners "spoiled" as in his work place the parent company makes sure that local bank equips the foreigner with the appropriate packages of special benefits. Low expectations accompanied by special treatment make the foreigners feel safe, stable and in consequence, less motivated to improve the results.

## **5.10 Internationality**

According to the joint research of the THINKTANK and the Personal Director Club the differentiated teams are more effective. Polish specialists and managers appreciate the practical impact of the diversity on the atmosphere and the effectiveness of the company.<sup>4</sup>

Those companies who employ foreigners may put greater attention to proper attitude and tolerance for cultural differences among their employees. Thus, they can play an important role for the Polish society, which, as studies have showed is intolerant. Tolerance means respect for other people's feelings, opinions, preferences, beliefs, morals and conduct. According to CBOS survey conducted in 2010, titled "The standards and values in the life of Poles" only 3% of Poles have put tolerance on the first place among other features and 34% of Poles have mentioned tolerance as one of the most important features of the everyday life. In comparison to similar survey conducted in 2005 the second result was lower by about 5%. One of the interlocutors has mentioned the idea of building the "open society". "Bringing together people from different cultures is the best way to raise awareness of proper social attitudes especially across the middle class" – he said.

The foreigners who experienced living in many countries are probably more likely to apply to global positions offered by the mother company. One of my interlocutors stressed the value that the relocations bring to the mentality of the managers. He emphasized that foreigners who have experienced working in different structures of the banks belonging to one owner are better candidates to perform international functions due to their experience and the international path of a career.

One of the interlocutors pointed out that the increasing number of persons who are willing to work abroad is positively affecting the whole labour market. Moreover, greater movement of employees may mean that people are beginning to see new possibilities to materialize their dreams and passions.<sup>5</sup>

---

<sup>4</sup> THINKTANK magazine (2013) *Trends and recommendations* No.2, pp.22

<sup>5</sup> Senge P.M (2012), *The fifth discipline*, Warsaw, Oficyna Wydawnicza Wolters Kluwer business, pp. 278-291

## **6. FINDINGS**

As a result of collecting the data and analysing the above-mentioned perceptions, I have formulated a number of hypotheses, which will be further explored in the course of the research. The following research hypotheses have been formulated:

### **6.1 The foreigners who decide to work in the international banking corporations, the specificity of which is associated with transfers to other countries for longer stays, are not prominent in their fields of work.**

The foreigners who are considered outstanding in the areas in which they work are not always willing to move along with their families. The reasons might be:

- The companies expect that foreigners will move from one country to another many times in their lifetime. They may not always feel comfortable with the transfer because the decision to move is often taken by their superior or there might simply be no other option if the employee would like to stay with the company.
- Relocations might be nuisance fore those families children of which are not adapting well to a culturally diverse environments.
- A highly valuable employee, who is recognised on the labour market, has a number of significant achievements and various professional successes. Such employees may require the independence and the comfort of selecting the place and time of any transfer related to his or her work.

### **6.2 Candidates to executive positions in the local bank are not appropriately selected.**

In comparison to local employees, the foreigners who have similar qualifications are offered the positions, which are better ranked in the company hierarchy.

The decisions on selecting candidates to key positions in the local bank are often taken by the persons presenting insufficient knowledge on both the situation and the requirements of the local bank.

### **6.3 Decisions made by the foreigners favour the interests of the parent company and the regional supervisor.**

The foreigners usually do not feel as connected with the local community as they are with their nationals. Arriving to a new location and being far away from the mother company can make the foreigners feel uncomfortable. They may want to assure for themselves some potential positions in the Global company structures in case they will not be willing to stay



in the place they were sent to. This may be a reason of presenting the " Yes-men " attitude vs. the superiors. The interests of the parent company and the interests of local organizations are sometimes contradictory. In such situations it would be more beneficial for the foreigners to favour the decision of the Group as it represents the employment guarantee. Consequently, the foreigners' objectives can be to strengthen their position in the hierarchy of the Group rather than focus on the improvement of the results of the local company.

The foreigners may seek for next destinations, because the decisions they make do not improve the performance of the local business. The foreigners often start to find some new location on the first day of their work in the new place. As the decisions they make are not always supporting the development of the business, they may want to move to some other country not to be exposed to any negative consequences. The foreigners are usually not accountable for bad decisions made in previous jobs.

#### **6.4 The foreigners are taking conservative and secure decisions because their priority is not to expose themselves to the superiors' criticism.**

The decisions taken by the foreigners are in line with the expectations of the regional superiors. The same rule relates to all daughter companies of the Group. Such approach may be followed by the unwillingness to take on the responsibility related to the decision-making process. In many situations, like transacting or negotiating, it is required to take the immediate actions or decisions. In such situations the competition, which may have developed some more transparent decisiveness strategies and where the responsibilities were assigned with due diligence, might react quicker and win the customer. The foreigners present the conservative attitudes because taking unpopular decisions and being inconsistent with the superiors' expectations may result in undermining their position in the Group hierarchy.

#### **6.5 The foreigners are not willing to work outside the organisation, because it is unlikely that they will be better paid elsewhere.**

The parent companies, in addition to high salaries, in many cases provide the foreigners with much more complex package of the benefits than the local employees like compensation for the partner, funding children's schools, language lessons, apartments, etc. The reason may be the commitment it creates with the foreigner. It may also be a way of expressing the appreciation of the loyalty and devotion to the Group. Bearing this in mind, the foreigner may find it difficult to come across a competitive offer on the labour market and therefore stays connected with the parent company for many years. During this time the foreigner may be offered some better positions within the organisation regardless of the results and the development of the competences. Many companies reward its employees for many years of the loyalty. Such companies find it valuable to pay much more than the market for the benefit of a loyal and dedicated employee.

## **6.6 Hiring foreigners is the added value to the bank.**

Foreigners who have worked on various positions across the world may bring some new view of the situation of the local company. The know-how they gained abroad may be unique and helpful for the Polish bank. Observation of the problems of the local organization by an outsider who is coming from a completely different environment may bring some insightful findings and help the company to solve its problems.

## **6.7 The purpose of sending foreigners to Poland is not to manage the business, but to follow the regional superiors' expectations what also drives a low level of the decision-making freedom.**

The foreigners are the “soldiers” of their Group and therefore they are expected to execute the commands of their superiors and to act accordingly. The solutions the foreigners propose do not need to be creative, innovative and pioneering. It is expected that foreigners' activities will be consistent with the expectations of the Group superiors.

## **6.8 The foreigners are not very efficient employees.**

Foreigners are not always especially efficient employees because there is no expectation that they will be making some key and independent decisions within the organization. There is also no expectation that the decisions will be made quickly. Moreover, not achieving the goals by the foreign employees usually bears very little or no negative consequence.

## **6.9 The main purpose of sending foreigners to hold key positions in local entities of the global organisation is to ensure the uniformed quality and equal standards which are expected by the Group worldwide.**

One of reasons why high costs of employing foreigners are tolerated by the parent company is the fact that they are mostly borne by the local businesses. Another factor is a high level of trust that the Group superiors have in foreigners. The transferred employees who stay many years with the organization have learned that taking the right decision is a condition for a long-term survival. Consequently local managers are given less trust of the Group superiors. One of the challenges that global companies face is providing the same, high standard services around the world. Moving the foreigners from one country to another familiarizes them with the scope of a challenge. This way the parent company is able to control the level of services offered by the business units located in various parts of the world.

#### **6.10 Hiring foreigners to most of the key positions in the local bank negatively affects the communication.**

Those employees who are less linguistically skilled than their work colleagues will probably not be appreciated by the foreign superiors. It is likely that local workers, due to the limited vocabulary and inability to share thoughts and options, will not be positively evaluated. Communication held in multiple languages in one organization hinders the flow of information. There is likelihood that employees who are more linguistically skilled and have better knowledge of the foreign language will be promoted based on this specific competence, not on their skills or achievements. When the communication is difficult then the likelihood of a distortion in passing the information increase. In such multinational environment, the misunderstanding, misapprehension and fallaciousness are also more likely to happen.

### **7. CONCLUSIONS**

The preliminary studies have shown that the legal form in which the bank operates (branch vs. subsidiary) makes a huge difference when it comes to the employment determinants. Another important distinction I observed was the origin of the Bank's capital. The interlocutors noticed a clear difference between the way in which the mother company treated the fellow countrymen, other foreigners and the Poles themselves.

Since I came across very fragmented, general and biased studies on foreigners in the banking sector I hope that my dissertation will contribute to deepening the knowledge of the banking management and become an inspiration for the development of more efficient and effective management strategies of the complex, international corporations locating on of their business in Poland. Hopefully, I managed to give the reader some broader overview on hiring foreign employees, which allow him to answer the question on the employment preferences.

## References

### **Reference to a book:**

- Klincewicz K. (2013), *The employees about the employers*, original title: *Pracownicy o pracodawcach*, Warsaw, Wydawnictwo Naukowe Wydziału Zarządzania Uniwersytetu Warszawskiego
- Nowak S. (2007), *The methodology of social research*, original title: *Metodologia badań społecznych*. Warsaw, PWN
- Senge P.M. (2012), *The fifth discipline*, Warsaw, Oficyna Wydawnicza Wolters Kluwer business, pp. 278-291
- Silverman D. (2008), *Interpretation of the qualitative data*, Polish title: *Interpretacja danych jakościowych*) Warsaw, PWN
- Zimniewicz K. (2009), *The contemporary concepts and methods of the management*, original title: *współczesne koncepcje i metody zarządzania*, Warsaw, PWN

### **Reference to a research report:**

- BIG report (2013), *Security Indicator of the Economic Activity*, Location: Publisher - InfoMonitor, [http://www.big.pl/download/raport\\_big\\_2013\\_09\\_07\\_v4.pdf](http://www.big.pl/download/raport_big_2013_09_07_v4.pdf)
- Deloitte survey (2003), *New Business Economics: The future of investment banking research*, Location: Publisher, [http://www2.deloitte.com/content/dam/Deloitte/global/Documents/DTT\\_DR\\_RightSizingResearch.pdf](http://www2.deloitte.com/content/dam/Deloitte/global/Documents/DTT_DR_RightSizingResearch.pdf)
- Deloitte report (2007), *Why Finance Transformation Matters in Global Manufacturing*, Location: Publisher, [http://www.deloitte.com/assets/Dcom-Albania/Local%20Assets/Documents/al\\_dr\\_fintrans073007\(1\).pdf](http://www.deloitte.com/assets/Dcom-Albania/Local%20Assets/Documents/al_dr_fintrans073007(1).pdf)
- Liikanen E. and a group of Experts of the Finnish Central Bank (2012), *High-level Expert Group on reforming the structure of the EU banking sector*, Location: European Commission web page, [http://ec.europa.eu/internal\\_market/bank/docs/high-level\\_expert\\_group/report\\_en.pdf](http://ec.europa.eu/internal_market/bank/docs/high-level_expert_group/report_en.pdf)

### **Reference to a journal publication:**

- THINKTANK magazine (2013), *Trends and recommendations*, Warsaw, No.2, pp.22, available also at [www.thinktankmagazine.pl](http://www.thinktankmagazine.pl)
- Zaleznik A. (2008) *The secrets of the effective business leaders: Managers and Leaders. What are the differences* Warsaw, Harvard Business Review Polska, pp.33