

4(65) 2016

ISSN 1429-2939

# BEZPIECZNY BANK

BEZPIECZNY BANK

4(65) 2016

**BFG**

BANK GUARANTEE FUND

**SAFE BANK** is a journal published by the Bank Guarantee Fund since 1997. It is devoted to issues of financial stability, with a particular emphasis on the banking system.

**EDITORIAL OFFICE:**

Jan Szambelańczyk – Editor in Chief  
Małgorzata Iwanicz-Drozdowska  
Ryszard Kokoszczyński  
Monika Marcinkowska  
Jan Krzysztof Solarz  
Ewa Kulińska-Sadłocha  
Ewa Miklaszewska  
Małgorzata Polak – Secretary  
Ewa Teleżyńska – Secretary

**SCIENTIFIC AND PROGRAMME COUNCIL:**

Piotr Nowak – Chairman  
Paola Bongini  
Santiago Carbo-Valverde  
Dariusz Filar  
Andrzej Gospodarowicz  
Leszek Pawłowicz  
Krzysztof Pietraszkiewicz  
Jerzy Pruski

All articles published in “SAFE BANK” are reviewed.

All articles present the opinions of the authors and should not be construed to be an official position of BFG.

**PUBLISHER:**

**Bank Guarantee Fund**  
ul. Ks. Ignacego Jana Skorupki 4  
00-546 Warszawa

**SECRETARY:**

Ewa Teleżyńska, Małgorzata Polak  
Telephone: 22 583 08 78, 22 583 05 74  
e-mail: ewa.telezynska@bfg.pl; malgorzata.polak@bfg.pl

**[www.bfg.pl](http://www.bfg.pl)**



Typesetting and printing by:  
Dom Wydawniczy ELIPSA  
ul. Inflancka 15/198, 00-189 Warszawa  
tel./fax 22 635 03 01, 22 635 17 85  
e-mail: elipsa@elipsa.pl, www.elipsa.pl

---

# Reviews

---

*Aneta Hryckiewicz-Gontarczyk\**

**Lech Kurkliński, PhD, *Foreign capital and the impact of culture on bank management in Poland*  
(*Kapitał zagraniczny a kulturowe uwarunkowania zarządzania bankami w Polsce*)  
ISBN 978-83-255-8623-2**

The impact of the bank's country of origin, its culture and typical management styles in its operations in other countries has sparked keen interest for many years. The subject has been extensively discussed in the context of the recent crisis, during which banks in certain countries (*inter alia* Germany, the UK and the US) have grappled with a variety of problems, while those in other countries have barely been affected by the financial turmoil. This phenomenon has encouraged economists to examine the question of culture and the bank's approach to risk. Although it has recently gained attention, the subject matter has yet to be thoroughly researched, which is largely due to the fact that culture – and the management style it breeds – eludes definition, and is therefore difficult to measure. Given the above, the area explored by Lech Kurkliński, PhD seems all the more interesting and it fills a certain gap in academic research. The author's main research objective is to analyse the impact of cultural differences represented by foreign banks on their activities in Poland. The sample (banks listed on the stock exchange) operating in Poland seems to be representative, as the Polish banking sector has been dominated by foreign capital from different countries (mainly European), representing a great diversity of national and organisational cultures. In order to answer the research question, the author has carried out interviews among managerial staff from the

---

\* Prof. Aneta Hryckiewicz-Gontarczyk, PhD, Kozminski University.

banking sector and among representatives of regulatory institutions. Although the research method may seem valid at first, especially given the sheer number of interviewees involved in the process, it has a major flaw, namely the high degree of subjectivity of evaluation.

The book is divided into six chapters. In the first, the author defines culture as a phenomenon. He draws from the extant literature in order to formulate a definition of culture that would best render the phenomenon in the light of the subject matter explored in the book. He demonstrates the diversity of approaches to culture and its definitions in different disciplines. This observation is not without significance for the research undertaken by Kurkliński, i.e. the analysis of the impact of culture on the bank's operations. The plethora of existing approaches corroborates the complexity of a research problem that does not lend itself easily to examination. However, for the purposes of his analysis, the author distinguishes between the culture of the bank's country of origin and the organisational culture. He also argues that the two are not necessarily identical to each other, although the national culture often shapes the culture of the organisation and the management methods it employs.

Given the share of foreign capital in commercial banks, independently of a number of typical aspects in their operations, certain cross-cultural factors come into play, resulting in the confrontation of national and organisational cultures of foreign investors with local conditions. Cultural differences can be a source of competitive advantage, but only when they are acknowledged and properly managed. Otherwise, they may lead to the bank's failure, which is often the case when a foreign majority shareholder tries to impose a management style that is not in tune with local conditions. We can cite numerous examples of this phenomenon from different parts of the world, as well as from Poland, which is the subject of the author's thorough analysis. In order to understand potential problems and opportunities arising from the interaction of different cultures, we must refer to management theory, which most extensively examines problems associated with the management of multicultural organisations. This is, indeed, the approach of the author, who concentrates on five elements that are potentially most impacted by cultural differences:

- a) transfer of capabilities
- b) human resource management
- c) flexibility in decision-making
- d) control and communication
- e) managers in foreign branches

Problems related to intercultural management in the above areas stem from differences in approach in the bank's management style, national culture, which can partly permeate the management style, as well as the behaviour of individuals influenced by specific cultures. On the basis of the conducted interviews, the author analyses and endeavours to understand how the culture of individual countries and the management styles of Western banks have been introduced into banking institutions

in Poland. Particular attention is paid to the impact of ethnocentrism and of expat communities on the operation of banks in Poland. The analysis of these aspects is, in my opinion, of utmost importance, as it affects the analysis of the research problem itself. Interestingly, no researcher has ventured to investigate these correlations, and many failures of banks in Poland (e.g. Deutsche Bank) have been put down to the unfavourable situation in the country. The conclusions presented by the author are compelling and could undoubtedly prove useful for numerous international banking organisations. It should be noted that many of them, for instance Citibank or HSBC, apply a similar model of management in each market they enter. The question arises, though, whether the model actually works and if these organisations should blindly follow the same policies they have followed for many years. Although the analysis of the situation in Poland does not suffice to adjudicate in the matter, it may be the first step towards a study of the impact of cultural differences on the operation of banks. The conclusions of the reviewed study seem to be congruent with the above observations. First, the level of ethnocentrism of foreign investors in the Polish banking sector is uneven, and average values should be regarded as high. However, significant differences come to the fore depending on the country of origin of the capital. The author cites interesting examples of banks whose operation has been greatly impacted by the country of origin, not only in terms of their financial results, but also the organisation's failure or success on the Polish market.

Second, the author demonstrates the vital role of expatriates in the Polish banking sector. This mainly concerns the transfer of foreign management practices, including elements of organisational culture, as well as expert knowledge. While respondents evaluate the first aspect positively, the second is claimed to have adversely affected banks' operations.

Even if foreign investors decide to transpose their cultural patterns and styles of management onto local markets, they must take into account the characteristics of the local environment. The attitude of Poles towards foreign capital is multifarious. In the third chapter, the author confronts the culture and strategy of organisations entering the Polish market with the reactions of the general public. In order to analyse the attitude of Poles to capital inflows, the author had recourse to existing studies, the majority of which had been carried out by sociologists and psychologists. They analysed the attitude of Polish society towards the inflow of foreign capital. At the other end of the spectrum, on the basis of interviews, the author investigates the attitude of foreign investors towards the cultural and institutional setting of Poland. Several intriguing conclusions are drawn, for instance the absence of a clear correlation between the origin of the capital and the attitude of customers towards it, or the organisation's management style. Two good examples are Deutsche Bank and mBank, which, despite their common country of origin, are poles apart in terms of their management styles and, consequently, are perceived differently by society and consumers. An interesting observation is that foreign banks are concerned to

a lesser extent by how they are perceived by the public. Instead, they tend to focus on pursuing their corporate vision and on implementing models. Aspects of the foreign market that seem to matter to these organisations are the regulations and supervisory rules in force. Nevertheless, even in this respect, stark differences have been observed between banks depending on their country of origin, with some of them admittedly more compliant with the rules than others.

Not only does his survey concern attitudes towards banks themselves, but also the habits and the use of financial services provided by banks is important to analyse while discussing the operating environment of foreign banks in Poland. To this end, the author examines the level of knowledge of Poles on financial matters, which, according to recent studies, has a bearing on their saving preferences and investment decisions. It transpires that Poles, in general, rarely have recourse to banking services and, compared to other nations, rank very low in terms of savings. An interesting aspect discussed in this chapter is the attitude of Poles towards banking institutions themselves. Although this chapter is mostly devoted to the analysis of existing studies, it provides an interesting backdrop for examining the environment in which foreign banks operate in Poland.

Taking into account local cultural factors, as well as the regulatory, structural or macroeconomic aspects that potentially affect the activities of foreign banks, the author tries to determine which banks have fared best in the Polish market. The results of the author's interviews show that the cultural factor affects to the greatest extent the functioning of banks from the Mediterranean region, the UK, Ireland and Belgium, while it seems to have least influence on the activity of Scandinavian, American and German banks. The author has analysed the seven aspects that determine the success or failure of a bank within a given market: market position, cost position, reputation, technological advancement, financial results, the level of equity and the level of risk. The results of the author's research indicate the absence of a clear correlation between the bank's country of origin and the above indicators. German banks score better in some of these categories (with significant differences within this group of organisations), while Dutch or Polish banks seem to succeed in other areas. Interestingly, both Italian and German banks have good financial results, although the former emphasised the existence of a significant cultural dissonance between their country of origin and operations in Poland, while the latter did not. It is, therefore, not solely the country of origin or its culture that determines the success of a particular bank, but also the organisation's management style that comes into play. Consequently, the methodology applied by the author has failed to capture a clear relationship between the country of origin and the banks' performance. In the final chapter, the author argues that the approach of banks towards their operations abroad is contingent not so much on their country of origin, but on religion. It is a thought-provoking point that certainly deserves to be explored further.