

**Economic Theory**

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**THE BANK'S DOMINANT GOALS
AND VALUES IN THE CONTEXT
OF DETERMINING THE SENSE OF ITS ACTIVITY
IN A GLOBALIZED WORLD****Abstract**

The paper reviews the aspects of setting goals, formulating values and determining the sense of banking from the viewpoint of cultural peculiarities of the countries where banks are functioning, to make cross-cultural dialogue, and to overcome the contradictions of globalization.

Key words:

Bank's goals, globalization, bank's values, strategy of the banking institution.

Setting the Problem

The dramatic and tragic events of the present struggle between the adherents of globalization and anti-globalization prove the fallacy of the viewpoint that income is a single criterion for carrying out activity and reaching wealth.

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Since many people resist the ideas of globalization, it is obvious that as “the people of western views» are programmed for business operations, that is, they take risks to be rewarded with profits» [3; 1], the rising of shares is insufficient to understand the motive power of a person’s activity and that of the life-supporting socio-economic institutions of the society. The ground for conflicts and confrontations is nothing else but difference in the system of cultural values that are forming the globalized world today. The confrontation will not resolve this problem. New approaches should be developed to find common cultural grounds and to harmonize interests and values of different social groups.

The global conflict of the system of values is directly related to the banking system as a social institution that provides effective distribution and redistribution of finances in the modern economy. In practice, the banking system covers the entire world, since money, monetary relations and banks constitute the core of the present life. Nevertheless, different attitudes towards money and banking in different cultures form different aspects of the above-mentioned global conflict. The misalignments in perceiving money and banks are related to the peculiarities of historic development, present cultural dominants and the dynamics of modern relations based on different values. The well-known economists V. Pareto, J. Schumpeter, M. Weber, D. Rawls [10: 12], X. Y. Doring [3], D. Hussy [5], R. S. Peter [8], F. I. Shpig, S. M. Kozmenko [9:32], psychologists Z. Freid, A. Maslow, K. Levin, A. Bandura, W. Franklin, B. Skinner, R. Moos, S. L. Rubinstein [2: 39], philosophers H. Skovoroda, Kierkegor, Berdyajev, E. Husserl, M. Heidegger, K. Jaspers, J.-P. Sartre, A. Camu, Ortega and Hasset [12: 187], historians Paul Johnson [11; 203] and others devoted their researches to these peculiarities.

The analysis of publications enables to conclude that the sense, goals and values determine the material and moral aspects of life, thus directing the activity of an individual to the achievement of definite results. This is the reason why this problem is continuously in the focus of attention of scientists and clergymen. However, the unresolved part of the problem is the insufficient application of theoretical developments and disregard of the accelerated development of the globalized society. As far as the latter is concerned, at present, the scientific search and comprehension of the globalization processes is actively employed to specify the peculiarities of realizing a conflict-free cultural dialogue by deepening into fundamental values, dominants, motives, etc.

The objective of this paper is to define the semantic elements and priority goals and values of a modern bank for providing its subsequent development in the context of globalization processes and activating the cross-cultural dialogue.

The Main Ideas

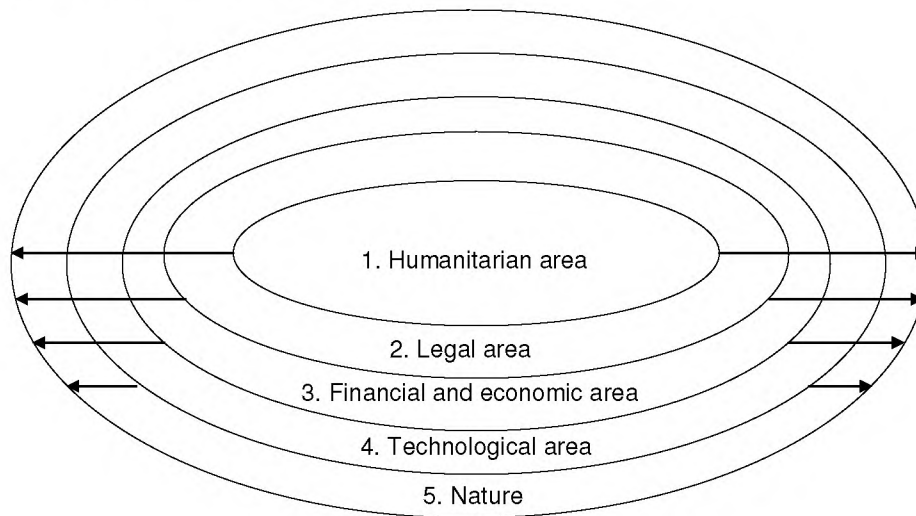
Goals, values and immanent characteristics of bank activity are found in the context of their sense common to all mankind. To understand the sense of these notions it is necessary to refer to specialized literature [12, 13, 14]. So, generalization of interpretations of the word «goal» enables to define it as a notion that integrates an ideal, activity and result in the perception a subject. Instead, the scientific vision of the value specifies its twofold nature, presenting it as the wish and the motive for action, that both are of great importance for a man and a society. The notions «goal» and «value» are closely related, since a goal always provides a value, while a value not always becomes a goal. It depends upon priorities set by the subject with respect to the vision of its future and evaluation of its present and past. We can assert, that the notions «goal» and «value» appeared and began to be used by a man as a result of active development of consciousness and abstract thinking, also after a man had realized that the ideal really existed, which enabled him to try to comprehend it (at the level of values formulating) and to reach it (at the level of setting goals). Consequently, conscious cultivation of goals and values in society separates present and future, making the latter a priority. Accordingly, at the economic level a mere regeneration is transforming into a comprehensive one, since only this process will provide definite vision of future with necessary resources. Nevertheless, making the future a priority, likewise formulation of values and setting goals is not a solid ground for positive evaluation of definite vision of a subject. To harmonize different visions and interests, it is important to find the motive of actions of a man, institutions and a society. The latter is a derivative of deep sense of existence, which is of exclusive value for a subject. It reveals its internal uniqueness, high grade that is projected in real life through certain goals, values, actions, relations, self-consciousness and understanding of others, etc. Incidentally, to meet the needs of inner or outer world, goals and values could change, while the immanent characteristic is a constant (metaphysical) basis and a high-quality depository of the cause of being. Unfortunately, the apologists of rational cognition were not able so far to set the reason and sense of existence of a man and the Universe.

The above mentioned philosophical aspects of the problem should be interpreted for the applied implication with the peculiarities of our reality taken into account. Thus, a modern globalized world is characterized by interaction among various areas of activity, which provide its continuous functioning and development. Though the system of life-support of the society consists of many constituents, they could be grouped into the following four large areas: technological, financial and economic, legal and humanitarian (Figure 1). (Nature is singled out as a separate area, which is the basis for all kinds of social activity). At that, each next area is determining the sense and the goal of the activity of a preceding one, thus making clear the hierarchy of lower areas' subordination to upper ones. Thus, the technological area is providing the material independence and

self-sufficiency of the society; it is also consolidating its power over nature. The financial and economic area is meant for organization of production process, distribution and redistribution of products, and incomes to satisfy the public needs through the use of available ones and making new types of technologies. The legal area is providing relevant to each level of conscious balance of interests and its implementation in the society, specifically in finance and economic and technological areas. The humanitarian area (sphere of spirit) determines the semantic dominants of existence of both the society and every person. Within this area, the goal of the activity of the society at a definite stage is established, as well as possible directions of its development via mobilization of the resources of the legal, the financial and economic, and the technological areas. The top level of humanitarian sphere to a certain extent exceeds the world of people, since it intends to cognate the Prime Cause, the Universe with its eternal laws, and to set the true sense of each person's life. The degree of cognition of the Prime Cause determines general level of the development of the society, while implementation of humanitarian and metaphysical principles runs through all afore-mentioned life spheres from top to bottom, and connects a man and nature into a single whole.

Figure 1.

Chart of Hierarchy and Interaction of the Main Areas of Activity in the Modern Society



Banking system is a part of the financial and economical area. It has its own immanent characteristic and goal, which is determined and designed by the legal and the humanitarian areas. It is worth noting that within the subsystems of commercial banks, there exists the democracy in envisioning their own future. This vision is the source of formulation of mission, goals, values and philosophy of a bank, which are expressed in strategies of development and corporate codes. These corporate documents are, to some extent, the bank's internal constitutions. They are statutory and obligatory for implementation at all levels of the organization. Besides, bank institutions wish the information to be transparent for partners, therefore many of them made their own strategies accessible for public evaluation. It is instrumental in scientific cognition of peculiarities of bank strategic management, in particular, in researching the aspects of goal determination, and values formation on the basis of deepening in the sense of bank activity. So, we analyzed main goals and values of 107 banks including Western, Russian and the domestic ones (on the basis of reliable data source [9:566-592]). Peculiarities of value principles of the culturally different groups of globalized society provide scientific interest. Table 1 presents frequency (total number) and specific gravity of key words use for determination of bank missions, goals, and values. The inclusion of one type of key words for bank missions formulating did not eliminate application of other words.

Consequently, clients are the most important goal and value of banks (organizations, business). Almost 88 percent of banks revealed it in their missions. Ukrainian banks rank top among those who value clients most – they make almost 96 percent, Russian – 90 percent, and 83 percent of western banks also gave priority to this value.

Products and services are rated the second important aspect among goals and values. Almost 47 percent of banks declare them as a basis of their activity. 44 percent of banks consider satisfying the needs of relevant bank decisions as a decisive trend of their activity.

28 percent of banks consider partnership and relations as a principal constituent part of their policy. Russian banks as compared to Ukrainian and Western tend to partnership, making 45 percent, against 26 percent and 19 percent, respectively.

The development was emphasized as a main strategy by 26 percent of banks. And again Russian banks value this quality more than do the Ukrainian and Western banks.

Human Resource Personnel is valued almost the same by all the banks. The Ukrainian and Western banks paid the greatest attention in their missions to personnel, making accordingly 30 percent and 28 percent. And only 13 percent of Russian banks focused their activity on personnel.

Table 1.

Results of Analysis of Frequency of Keywords Use for Formulations of Missions, Goals and Values of Banks (N – 107 banks)

Position	Keywords	Value of frequency of the keyword use							
		Western banks		The Russian banks		The Ukrainian banks		Total banks	
		Absolute value	% rate to a number of western banks	Abs. value	% rate to a number of Russian banks	Abs. value	% rate to a number of Ukrainian banks	Abs. value	% rate to total number of banks
1.	Clients, organizations, business	44	83.0	28	90.3	22	95.6	94	87.9
2.	Services and products	24	45.3	16	51.6	10	43.4	50	46.7
3.	Satisfaction of needs	21	39.6	16	51.6	11	47.8	47	43.9
4.	Partnership, relations	10	18.9	14	45.2	6	26.0	30	28.0
5.	Development	11	20.8	12	38.7	5	21.7	28	26.2
6.	Personnel, staff	15	28.3	4	12.9	7	30.4	26	24.3
7.	Profitability, rising of shares, efficiency	15	28.3	7	22.6	2	8.7	24	22.4
8.	Quality	8	15.0	12	38.7	3	13.0	23	21.5
9.	Reliability	1	1.9	13	41.9	6	26.1	20	18.7
10.	Society and individual	6	11.3	6	19.4	5	21.7	17	15.9
11.	Stability, firmness	8	15.1	5	16.1	3	13.0	16	14.9
12.	Professionalism	4	7.5	6	19.4	3	13.0	13	12.6
13.	Success	5	9.4	5	16.1	2	8.7	12	11.2
14.	Leadership	8	15.1	4	12.9	0	0	12	11.2
15.	Technologies	3	5.7	7	22.6	2	8.7	12	11.2
16.	Accordance to the world standards	2	3.8	5	16.1	4	17.4	11	10.3
17.	Ethics, law	5	9.4	1	3.2	4	17.4	10	9.4
18.	Wealth and welfare	3	5.7	4	12.9	2	8.7	9	8.4
19.	Reputation	2	3.8	4	12.9	2	8.7	8	7.5
20.	Shareholders	5	9.4	1	3.2	2	8.7	8	7.5
Total number of banks		53	100	31	100	23	100	107	100

Source: author's computations based on supplements [9: 566–592].

Profitability, share price growth and effectiveness were chosen as a main strategy by 22.4 percent of banks. The greatest value was specified by Western banks, constituting 28 percent, while the lowest value – by the Ukrainian banks (about 9 percent), which corresponds to the real state of things in terms of profitability and efficiency of the Ukrainian banking system.) Incidentally, in the present business world, the increase in stock price is a strong factor. In this respect, the experts state that «the rise of shares implies the understanding of how much money the company will earn in the future, unlike the profit, which determines how much money the company has earned in the past» [15]. It is a striking example of prioritizing the future against the past.

About 22 percent of banks foster quality. At that, it is more typical of the Russian, rather than Western and Ukrainian, banks to encourage the named line, making 39 percent against 15 percent and 13 percent respectively.

Under one fifth of all banks advocate for reliability. The latter is of great importance both for the Russian (42 percent) and the Ukrainian (26 percent) banks.

16 percent of banks acknowledge the society and the person as the utmost value. It is significant that out of all, 22 percent of the Ukrainian banks, 19 percent of the Russian banks, and only 11 percent of all Western banks declare the named value as important.

As far as the stability and resilience is concerned, all banks demonstrated practically the identical relation – about 15 percent of them acknowledged this value.

Professionalism was declared by 13 percent of banks as an important constituent of their missions. Among them, the Russians are in majority making 19 percent, while the Western banks account to only 7.5 percent.

Success, leadership, and technologies were chosen as the utmost values by 11 percent of banks. However, success and technologies were preferred by the Russian bankers, while leadership by their Western colleagues. The Ukrainian banks are rather restrained as for the named values.

The other values mentioned among the 20 basic ones were the accordance with the standards, ethics and law, wealth and welfare, reputation, and shareholders.

It is worth noting that the Russian and the Ukrainian bankers care of reputation, accordance with the standards, while their western colleagues give priority to ethics, law and shareholders. Over 17 percent of the Ukrainian banks also prefer ethics and law.

Consequently, taking into account positive deviation from the general value, we determined specific dominant values of Western, Russian and Ukrainian banks. See outcomes in Table 2.

Table 2.

Specific Dominant Values of Western, Russian and Ukrainian Banks

Values of Western banks	Values of Russian banks	Values of Ukrainian banks
1) personnel; 2) profitability, efficiency, shares rising; 3) leadership; 4) shareholders.	1) partnership; 2) development; 3) quality; 4) reliability; 5) technologies; 6) accordance with the world standards.	1) clients; 2) personnel; 3) reliability; 4) society and individual 5) ethics and law; 6) accordance with the world standards.

The afar-mentioned dominant values reflect the peculiarities of cultural milieu, within the limits of which a bank is functioning. There also could be found the specific values peculiar of different parts of the globalized world. Thus, Western and Ukrainian banks have a common specific value – personnel, while the Russian and Ukrainian banks – reliability and conformity with the world standards. The cultural paradox provides the fact that dominant specific values of the Russian and the Western banks do not coincide in any position. Consequently, the Ukrainian banks, as well as Ukraine on the whole, are the bridges to mutual understanding between the Western and the North-Eastern cultural traditions.

On the basis of the results derived, we grouped the goals and values of the banks after belonging of the latter to definite areas of public activity that make a relevant hierarchy system. At that, the given classification ranks goals and values by descending significance. Table 3 presents the groupings.

The given classification enables to define goals and values according to definite priority hierarchy groups of the activity areas of the society. Thus, the humanitarian area values are highly prioritized, which consequently implies that the core of a bank's mission should be the declaration of the importance of the society and the individual, both in general and in particular, for treating clients, personnel and shareholders. Next come the values of development and quality, as the imperative attributes of positive changes in the activity of the society.

The legal area is based on ethics and law. Partnerships and relations support dynamic balance of public interests, while a set of universal values enables to ensure a fair formation and distribution of the outcomes of joint activity.

The noted values of the upper areas of activity are followed by the financial and economic area, within the framework of which a banking system is functioning. Meeting the needs, profitability, effectiveness and professionalism are very important here, since these are the values that define the position of a bank as a specialized institution in terms of quality.

Table 3.

Classification of Primary Goals and Values of Modern Banks with Respect to the Hierarchy of the Activity Areas of the Society

#	Area of Activity	Goals and Values
1.	Humanitarian	1) society and individual (including clients, personnel, shareholders); 2) development; 3) quality.
2.	Law	1) ethics, law; 2) partnership, relations; 3) complex of universal values – wealth and welfare, reputation, reliability, stability, firmness, success, leadership.
3.	Finance and economical	1) meeting the needs; 2) sharevalue and efficiency; 3) professionalism.
4.	Technological	1) services and products; 2) accordance with the world standards; 3) technologies.

The system of goals and values is close to services and products, compliance with the standards, as well as technologies, that we put under the category of technological area. These are the instruments and methods by means of which goals and values of the upper hierarchical areas of activity are formulated and achieved.

The current specific feature consists in changing the priorities of the areas within the hierarchy of public activity. Thus, the technological area, which was prioritized during the development of industrial society, with the beginning of formation of the post-industrial society, lost its leading positions giving way to financial and economic, and legal areas. And in the knowledge society, succeeding the postindustrial one, the humanitarian area will dominate. We considered these changes in the developed classification, which is oriented towards the future.

The offered classification of goals and values of the modern bank regulates the procedure of strategy development in the banking institutions, particularly when their missions are concerned. Should the classification be applied, both the process and the outcome become more systematized, responsible, understandable, transparent, and cross-cultural.

In addition to setting goals and values, the search for the sense of modern banking also is also needs. It is worth noting that neither money nor monetary relations, which are the basis of banking, can define the sense of the activity of

the latter. It is because money and its derivatives are not self-sufficient, since they provide only the product created by the human mind and the social need. The only real sense of any activity, including banking, has always been and will be the man. It is just the individual who is the criterion of all values and the source of profits, welfare.

Bankers must realize today that only a man, as a unique natural substance, has the right to self-sufficient being without limitations concerning his/her own life development. Public institutions, including banks, are to provide self-realization to a man in the best way possible by providing proper financial opportunities (by giving advantage to finance a person as opposed to financing derivatives, similar assets, projects, enterprises, etc.). Moreover, the person should be viewed not from the angle of receiving benefits as it is used to be, that is, to be treated like a client, bank officer, shareholder or bank partner, but rather like a source of sense of existence of the whole banking system. Consequently, service to each person and the society as a whole is the **sense of activity** of the modern bank. Even though the afore-mentioned idea is rather abstract, the efforts of bankers and the whole banking system should be directed at its practical implementation.

Conclusions and Prospects for Future Research

1. Man is the source of the existence of the banking system. Service to a man and the society on the basis of financing possibilities for the development is a motive of activity of a modern bank.

2. The globalized world is characterized by the hierarchy of the following four basic areas of activity: technological, financial and economical, legal, and humanitarian areas, where every next (upper) area determines the immanent characteristic and the goal of the previous one (lower in hierarchy). The present peculiarity consists in changing of area prioritization within the hierarchy of public activity. Bank goals and values are formed according to every area of public activity that enables to make their harmonized hierarchy.

3. The analysis of 107 banks' missions, including 53 Western, 31 Russian and 23 Ukrainian, provided possibility to select 20 most important goals and values of modern banks. Incidentally, it is possible to trace disagreements in specific dominant goals and values of different cultural groups of the banks. In particular, in the missions of the Russian and the Western banks, the goals and values did not coincide in any position. Nevertheless, some goals and values are common for the Ukrainian and Russian or the Ukrainian and Western banks.

4. As derived by the present work, the classification of goals and values of the modern bank takes into account the peculiarities of the globalization process

and creates a clear ground for the understanding of the groupings of different societies.

5. The approach used in the paper will help banks to regulate their process of strategy development and determine their own missions, meeting the key aspects of modern life.

6. The topic of goals and values of the modern bank needs subsequent study both in terms of quantity and quality, in order to research the unexplored motives of the given problem.

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