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## MANAGEMENT OF COOPERATIVE BANKS IN POLAND IN THE CONTEXT OF ORGANIZATIONAL CULTURE – RESEARCH REPORT

## ABSTRACT

**Purpose:** The main aim of the article was to determine the impact of organizational culture on the effectiveness of managing cooperative banks. The research conducted by the authors focused mainly on the internal mechanisms functioning in these organizations, such as; leadership style, employee management style, analysis of factors ensuring organizational coherence, defining success criteria and factors motivating employees (often shareholders). The analysis of the organizational culture made it possible to look at how the owners identify with the organization.

**Methods:** The methods used in the study included literature analysis and criticism, participant observation, comparisons, case studies, induction and deduction, synthesis. The main research tool was the OCAI (Organizational Culture Assessment Instrument) questionnaire by K.S. Cameron and E. Quinn, based on a competitive value model. The authors also defined the type of organizational culture according to T. E. Deal and A. Kennedy, based on the criteria of the degree of risk and the speed of feedback. 150 entities located in various regions of Poland were deliberately selected for the study. The research sample accounted for 28%. The respondents were bank employees, managers and shareholders. The research was carried out in 2020 and 2021. The analysis of the results was presented on a coordinate system modified specifically for the OCAI questionnaire.

### **Results and discussion:**

The obtained results showed that cooperative banks are characterized by an autocratic management style. The autocratic management style does not correspond to the cooperative form. The type of culture indicated by the respondents requires modification consisting in the partial elimination of bureaucracy and autocratic personnel management, downgrading the features of the culture of gamblers and routines. From a practical point of view, resolving the dilemma whether profit is the main goal of a cooperative bank's operation has a key impact on the choice of a microeconomic model of the bank. Therefore, there is a need to indicate which criteria the management board of the bank should put more emphasis on. Therefore, an important element is the formation of an organizational culture that will allow to meet the expectations of all participants of this organization.

**KEYWORDS:** *organizational culture, human capital management, motivators, cooperative banks, business model*

## INTRODUCTION

1. Cooperative organizations have a long history and a long-established organizational culture, which undoubtedly changes under the influence of various environmental factors. Cooperatives are an important element contributing to the economy. They enrich the market with their presence and constitute an important factor conditioning the proper development of agriculture and rural areas. Cooperative movement is a form of social organization, the essence of which is voluntary and contributing shares, which are used to carry out gainful, social and cultural activities for the benefit of its members. Banking cooperatives integrate the principles of cooperatives, at the same time creating a community of needs and goals – the principles of cooperation and self-governance. The basic goals of a cooperative are not to gain financial benefits, but to meet the needs of members voluntarily associated in it. Thanks to their participation, they build a community that is strongly rooted and based on traditions (Skoczek, 2013). The basic dominant system in cooperatives is their cooperation with each other (so-called collegial work). There is a traditional decision-making system that is constantly modified with due to the fast pace of changes in the market environment. The changes that were forced by the market economy in the period of the Polish system transformation (the nineties) caused a great threat to this sector of the economy (Brodziński, 2007; Mierzwa, 2010, p.252). Among scientists and practitioners, the condition of the Polish cooperative movement raised concerns about its future in confrontation with modern agriculture in highly developed countries. The attempts to recreate in these organizations the management methods characteristic of strictly business solutions were often not very successful. The specificity of managing these entities requires quite different, developed and adapted concepts. Throughout all the years of its existence, the cooperative movement was based on the idea of social activity, based on brotherhood, striving for the common good (Emelianoff I.V., 1942). In cooperative banks, there is joint ownership (common property) that is completely non-exclusive and non-transferable (Siudek, 2011, p. 71)]. Furthermore, due to the large dispersion of ownership titles (many small shareholders) and the low value of individual shares, the controlling and motivating functions of owners

(cooperatives) in relation to banks' management boards are weakened (Rey, Tirole, 2007, pp. 1061-1088). The principle of 1 shareholder – 1 vote applies at the general meeting, which makes it difficult for the owners of the cooperative to make decisions, including changes in the management board and the supervisory board. Moreover, the lack of strong ownership rights, the inability to sell shares on the secondary market and the low influence of the members on strategic decisions in bank management mean that they are poorly involved in the affairs of the cooperative (Kata, 2018, p. 62).

2. According to some researchers, cooperative banks also have positive sides. One is less 'return on capital' pressure and value creation for owners compared to commercial banks (longer time horizon is accepted in terms of discounting benefits for owners). The fact that shareholders of cooperative banks do not act as owners in a corporation can be beneficial to their financial stability as there is less pressure on managers to accept more risk for higher returns (Hesse, Čihmak, 2007, pp. 1-36; Beltratti, Stulz, 2009, pp. 1-38). The cooperative nature of ownership therefore largely determines the business model of a cooperative bank.

3. The mainstream of behavioral economics emphasizes the social aspects of the activity of cooperative banks. The motive of benefits for members or, more broadly, local communities, from which the co-owners and clients of cooperative bank come from. This includes is to prevail over the profit motive (Taylor, 1971, pp. 206-211). In turn, in the neoclassical economy, cooperative banks are treated as classic financial intermediaries whose main goal is to maximize profit, as it is a guarantee of staying on the market (Hempel, Yawitz, 1977). From a practical point of view, resolving the dilemma as to the basic goal of a cooperative bank's operation, i.e. whether it is only profit or a bundle of goals in which profit is not the most determining factor, has a key impact on the choice of the bank's microeconomic model of operation (Kata, 2016, pp. 131-138). There is a need to indicate which criteria should be more or less emphasized by employees of cooperative bank, and which should be left unchanged. According to A. Gaponov (Gaponova, 2009), all the cultural, social and economic changes that are taking place contribute to the formulation of recommendations for contemporary managers. Moreover, the improvement of the procedure of selecting and promoting leaders and motivating employees,

not by remuneration in the form of money, but by other non-wage methods, is becoming a more and more frequent phenomenon. Merely controlling and identifying the best performers, and rewarding them appropriately, creates a results-oriented culture.

Polish cooperative banking found itself in a special moment. The possibilities of its further extensive development have largely been exhausted, and market and regulatory factors create a strong pressure on the financial results of cooperative banks, limiting their profitability and cost effectiveness. In the sphere of risk management, especially credit risk, knowledge of the local market is no longer enough, especially when expanding geographic activity. Therefore, an important element is shaping the organizational culture that will allow to meet the expectations of all participants of this organization.

The main purpose of the article was to determine the impact of organizational culture on the effectiveness of management of cooperative banks. The research diagnosed the profile of the dominant and desired culture and the gap between these profiles was identified. A large gap (over 10 points) indicates the need to change the current organizational culture. In determining the effectiveness of these entities on the market, the focus was mainly on the internal mechanisms operating in these organizations, such as; leadership style, management style, characteristics of the factors ensuring the cohesion of the organization, determining the success criteria of the surveyed entities and factors motivating employees.

The analysis of these research fragments proves the skills and effectiveness of managers' work. The data analysis presented in the article is a fragment of the research results that cannot be fully presented due to the limited scope of the article. Therefore, the data from all entities were aggregated and the results of the research corresponding to the research goals were presented. The authors are aware of the shortcomings of this study, but it may be a source of discussion among policy makers and scientists, and further in-depth research (Mierzwa, Mierzwa, 2020, pp. 190-203). It presents the opinions and judgments of a large group of employees in this banking sector.

## ORGANIZATIONAL AND BUSINESS MODEL OF COOPERATIVE BANKING

The analysis of the existing organizational and business model of cooperative banking shows the emergence of serious negative phenomena in the announcement of their escalation. There are specific areas that require changes, mainly of an integration and centralization nature. The current situation of the cooperative banking sector in Poland indicates the need to depart from the organizational and business model used so far. It is said that independent (without integration measures) functioning of cooperative banks in the traditional deposit and credit formula, in the face of dynamically changing conditions, poses a threat to their existence (Lepczyński, 2017, pp. 17). The condition and condition of the Polish banking cooperative is presented in Table 1.

**Table 1.** *The condition of the Polish cooperative banking sector in 2010.*

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Dynamis 2010= 100
Number of banks	576	574	572	571	565	561	558	553	549	538	530	92.7
Employment in thous.	31.9	32.5	32.7	32.7	32.5	32.0	31.4	31.1	31.0	~ 30.6	~ 28.5	89.3
Number of shareholders in thous.	n / a	n / a	1051.9	1034.4	1012.6	994.3	979.8	969.2	951.7	n / a	~ 916.6	87.2
Balance sheet total (in PLN thousand)	70.4	78.4	85.8	96.5	100.5	107.9	120.7	130.2	138.4	150.7	167.2	237.5
Receivables in PLN billion of the non-financial sector	38.9	43.5	47.5	52.0	54.5	58.0	60.0	61.6	62.8	64.4	63.6	162.5
Liabilities to the non-financial sector (PLN billion)	54.0	60.2	66.5	76.3	80.0	86.7	97.1	105.8	114.1	124.0	133.3	246.9

Own funds (PLN billion)	7.0	7.7	8.7	9.7	9.9	10.5	10.9	11.5	12.1	12.4	13.1	187.1
Net financial result (in PLN million)	735.6	898.3	967.6	748.8	752.7	462.8	580.4	629.2	623.9	639.3	504.2	68.5
Solvency ratio (in%)	13.2	13.4	13.8	14.3	15.9	15.9	17.1	17.2	17.7	16.8	18.1	137.1
ROA (in%)	1.1	1.2	1.3	0.8	0.8	0.4	0.5	0.5	0.5	0.4	0.3	27.3
ROA (in%)	10.5	11.6	11.1	7.9	7.5	4.4	5.3	5.2	5.2	5.1	3.8	36.2
C / S (in%)	69.3	66.8	65.8	70.7	69.3	76.5	70.1	66.0	69.8	66.6	74.8	107.9
Loan portfolio quality indicator from the non-financial sector in%	5.3	5.8	6.3	6.4	5.8	6.1	7.1	7.7	7.9	9.0	8.6	162.3

**Source:** National Association of Cooperative Banks 2022.

As shown in Table 1, at the end of 2020, 530 cooperative banks were operating in Poland. Compared to December 2010, the number of banks decreased by 46, which means that the number of banks decreased by 7.3%. The highest employment was recorded at the end of 2013, however, employment in cooperative banks has been systematically decreasing and in 2020 decreased by 10.7%. This phenomenon bears the hallmarks of a constant trend. At the end of 2020, the number of shareholders of cooperative banks amounted to 916,564 people. This number decreased by approx. 12.9%, i.e. 135,333 people. The balance sheet total illustrating the scale of operation of the cooperative banking sector at the end of 2020 amounted to PLN 167.2 billion and increased compared to December 2010 by PLN 96.8 billion, i.e. by 137.5%. The value of the loan obligation from the non-financial sector at the end of December 2020 amounted to PLN 63.6 billion, which represents a 38% share in the balance sheet total. The amount of loans granted increased by 63.5%, i.e. by PLN 24.7 billion, compared to the end of December 2010. The main element influencing the balance sheet total was the level of deposits from

the non-financial sector placed with cooperative banks, the value of which in 2020 amounted to PLN 133.3 billion and increased by 246.9%. This means that cooperative banks enjoy great social trust.

The own funds of cooperative banks as at the end of December 2020 amounted to PLN 13.1 billion and, compared to 2010, increased by PLN 6.1 billion, i.e. 87.1%. The net financial result of cooperative banks, i.e. gross financial result less income tax liabilities, amounted to PLN 504.2 million as at the end of December 2020 and decreased by 31.5%. In the analyzed period, the highest financial result was recorded at the end of 2012 – PLN 967.6 million total capital adequacy ratio of cooperative banks calculated at the end of December 2020 was the highest in the analyzed period and amounted to 18.1%. This value means a safe level, above the minimum value in accordance with the Banking Law – 8% and more stringent recommendations of the Polish Financial Supervision Authority – 10.5%. The return on equity ratio (ROE) of cooperative banks, which informs about the profit per unit of equity, as at December 31, 2020, amounted to 3.8% and was lower than that recorded at the end of 2010 by 6.7%.

The return on assets (ROA) of cooperative banks, informing about the effectiveness of the bank's assets as at the end of December 2020, amounted to 0.3%. In the presented period of time, the highest ROA was recorded in 2011-2012, and the lowest in 2020. Since 2015, there has been a noticeable slow trend in improving the measure of operational efficiency expressed by the C/I ratio. Nevertheless, due to the coronavirus pandemic, as of December 31, 2020, the ratio of cooperative banks' costs to their revenues was 74.8%.

The model of the Polish Cooperative Bank is relatively simple. It is of a deposit and credit nature, with an eminently interest-bearing nature of generating income. Virtually everyone is addicted to this pattern of action. Profitability problems arise, among others, from not keeping up with the factors determining the effectiveness of commercial banking (Szambelańczyk, as cited in: <https://bs.net.pl/around-the-financial-sector/role-of-the-bank-of-the-protection-system> (access: 21.09.2022)).

This state of affairs is also exacerbated by strong competition within the banking sector itself (Szambelańczyk, 2004). Operating under the traditional model, opportunities to improve performance focus on extensive development



in the form of expanding the activities of stationary facilities. First of all, this applies to small towns where other Cooperative Banks already operate. Intra-sector competition is intensifying and is self-destructive (Zygierewicz, 2018). Cooperative banks are diversifying within their own group. They can be divided into smaller, medium and large. Their operating strategies differ. Some of them focus on the local market and these are entities from the first group. In practice, these types of banks are oriented towards survival, which is rather impossible at the present stage. Hence, there is no pressure to change the organizational and business model. Another group are medium-sized banks. Some of them cope with the current conditions, just like small entities. On the other hand, some see the necessity of expansion, which, however, takes an extensive character. In this group, the need for model changes is the most visible. There are still large banks. The nature of their activities is similar to the model of a small commercial bank, serving retail clients as well as Small and Medium Enterprises (MPS). They can choose the way of independent operation outside of associations (currently 3 banks) or try to fit into integration structures (affiliating bank, IPS – Cooperative Security System, integrated association). An extremely important problem in the Polish cooperative banking sector is the shrinking of the membership base. This phenomenon may turn out to be particularly dangerous for the future position of Cooperative Banks, as it is their members who build the strength and identity of these institutions. There is also a factor related to bankruptcies of cooperative banks and savings and credit unions. They weigh on the image of the entire sector and pose a potential reputational threat. In addition, the community of Cooperative Banks still weakly feels the threats. The feeling of faith in the current values contributed by cooperative banking, such as knowledge of the local market, flexibility and relationality, prevails. However, these features are peculiar to local actors. Unfortunately, a large part of these banks in Poland is losing this value. Expanding into other markets is the challenge of serving unknown customers in new environments. In many cases, there are problems with this because Cooperative Banks are not able to professionally manage credit risk. In terms of operating costs and capital expenditure, there is also a significant gap between commercial and cooperative banks. They achieve a much lower result on banking activity, which forces them to reduce running costs (material and

personnel). The employment level in Cooperative Banks generates a relatively high wage fund, which is rationalized through lower wages. This reduces the attractiveness of employment (Kurkliński, Miklaszewska, (eds.), 2017).

For an external observer, it seems necessary to undertake reorganization efforts. You can draw on the experience of other countries, such as Germany or Finland, where the cooperative sectors compete very well with commercial banking (Ayadi, Llewellyn, Schmidt, Arbak, De Groen, 2010; Banasiak, 2018).

In the field of risk management, especially credit risk, it is not enough to know the local market, especially when it comes to expanding geographic activity. Professionalism (technologically supported) is essential, also difficult to achieve at the level of a small entity. Additionally, the staffing problems of these banks should be highlighted here, especially with regard to specialists. Working at cooperative Bank is becoming less and less attractive. This applies to both the salary level and career opportunities. There are already difficulties in finding people with appropriate qualifications in small towns (including IT specialists, audit and compliance specialists, risk experts)

Cooperative banking is successfully developing in many European countries, with France and Germany being the leaders of cooperative banking. In these countries we have the most developed cooperative banking. In addition, strong cooperative banking systems exist in Austria as well as in Denmark, Finland and the Netherlands. Among non-European countries, Canada should be distinguished in this respect. It is worth emphasizing, however, that there is no single pattern for the development of cooperative banking. Determining the most important directions of the evolution of the cooperative banking model in Poland is a multidimensional task that requires not only looking at the economic and financial condition, but also referring to the activities of the institution supervising the banking market or guaranteeing deposits.

## RESEARCH METHODOLOGY

1. The tool most often used to study the organizational culture of cooperative banks was the questionnaire (Organizational Culture Assessment Instrument) developed by Cameron and Quinn (Cameron, Quinn, 2015). With this method, organizational culture can be determined based on the competing value model; flexibility and freedom of action versus stability and control as well as orientation to internal affairs and integration versus orientation to position in the environment and diversity (Jacques, 1951). These values were used to assess the management team and the way they manage teamwork. and the effectiveness of these organizations.

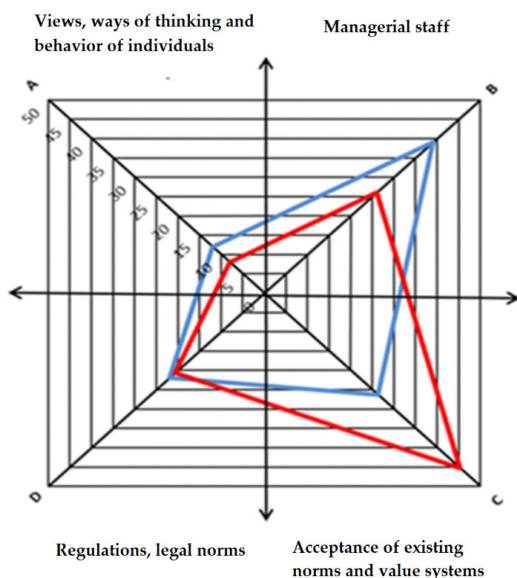
Cameron K.S. and Quinn R.E. distinguished four main types of culture: clan, adhocracy, hierarchy, and market. The authors chose to evaluate the issues that correspond to the research goals set; diagnosis of organizational culture, management style, characteristics of factors ensuring the coherence of the organization, determination of the success criteria of the surveyed entities and the applied motivators towards employees. Moreover, the authors defined the type of organizational culture according to T. E. Deal and A.A. Kennedy, based on the criteria of the degree of risk and the speed of feedback. The analysis of the results was presented on a coordinate system specially modified for theOCAI questionnaire. 150 entities located in various regions of Poland were intentionally selected for the research. The research sample accounted for 28%. The respondents were bank employees, management and shareholders. A representative group was selected from each group in the pilot survey. Some employees played a dual role – bank employee and shareholder. The research was conducted in 2019 and 2020. Other methods that were also used in the study were synthesis, data analysis, comparison method, case study and participant observation.

## CHARACTERISTICS OF SELECTED ELEMENTS OF ORGANIZATIONAL CULTURE

### *THE ESSENCE AND VALUES SHAPING THE ORGANIZATIONAL CULTURE*

Literature distinguishes a large number of ways of understanding organizational culture (Schein, 1992, p. 6; Hofstede, 2010; Dessler, Turner, 1992; Penc, 2010; Stachowicz-Stanusch, 2004, p. 77). This seems to be on the one hand a factor that makes it difficult to understand it accurately, but on the other hand it becomes a thing useful and helpful in exploring its essence. Intimidating, interchangeable concepts are: organizational culture, company culture, company culture (Wojtowicz, 2004). Organizational culture is not an unambiguous concept. It has many definitions. It is also difficult to explain its essence. Each member of the organization may understand it in a different way. Certainly, this is important knowledge that can be used in the process of improving human team management, and thus improve the effectiveness of the organization on the market (Olszewska (ed.), 2007, pp. 249; Poczowski, 2008, pp. 231, Perechuda (ed.), 2000).

Most often, organizational culture is identified with the *personality of the company*. Its shape is influenced by both external and internal factors. The management staff has an important task to adapt the organization to the environment while creating unity within the organization. All elements of culture; how organization size, leadership, organizational structure, values, attitudes and life experiences are relevant in the science of organizational management (Olszewska, (ed.), 2007, pp. 318). The lack of harmony between these factors makes the organization ineffective and indicates the need for its modification. The organization should be identified with the mission, vision, organizational structure, nature of competition, technology and history of the company. All these variables affect the final shape of the organizational culture. (Aniszewska, Gielnicka, 1999). Taking these elements into account, it was examined which of the factors were the most important according to the respondents' opinions. This is shown in Figure 1.

**Figure 1.** Factors shaping the culture of an organization.

	A	B	C	D
Current state	12	39	26	22
Desired state	8	26	45	21

**Source:** own study

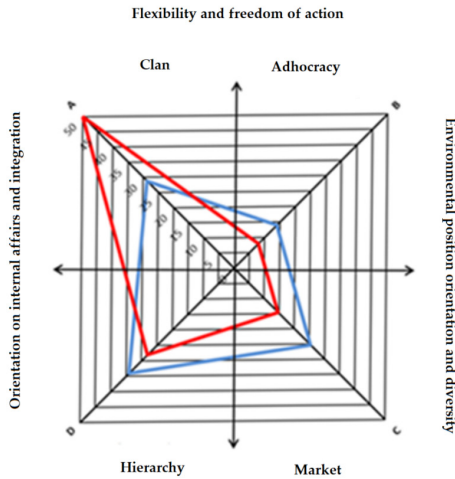
It can be noticed that the management staff and their competences (managerial staff) have the greatest impact on shaping cultural patterns. The way of perceiving the strategy and goals of the organization largely depends on the management techniques used. The point difference between the current state and the desired state (quarter B) is 13 points (Fig. 1). On the other hand, the weak point of the analyzed organization is the fact that the participants of the organization do not fully accept the adopted norms and value systems in practice – the gap is 19 points (quarter C). This may mean that the existing organizational culture of cooperative banks is moving towards changes. The reality confirms this thesis. Organizational culture characterized on the basis of its values, aspirations and needs is an essential element from the point of view

of employee identification with a given organization, i.e. employee involvement in the performance of work. All the needs related to the performance of the profession and its values are identical with a given organizational culture. The values present in an organization are some kind of informal control system that makes members aware and informs members of what exactly is expected of them. The values present in the organization and their acceptance by employees fundamentally affect the development of a given organization.

### ***TYPOLGY OF ORGANIZATIONAL CULTURE ACCORDING TO CAMERON K.S. AND QUINNA R.E.***

Figure 2 presents the profile of organizational culture in the surveyed organizations. The culture profile reflects the characteristics of the organization. Each quarter it is identified with certain types of activities that are particularly emphasized (Cameron, Quinn, DeGraff, Thakor, 2006). From the obtained answers it can be concluded that the emphasis in the organization is on control (quarter D – hierarchy) and competition (quarter C – market). It can therefore be concluded that the institution of banks is highly formalized. It is governed by rules, regulations and procedures, and entities are oriented towards external affairs. This means that management's primary focus is on gaining a competitive advantage. Their main task is to take care of the results. The profile desired by most of the participants in the organization is the clan, i.e. cooperation and less emphasis on the hierarchy. Institutions such as banks seem to need to remain in control and comply with regulations. The data presented in the figure shows that it would be necessary to decentralize more decisions, reduce supervision over teams, reduce unnecessary bureaucracy and open up to new unconventional solutions. Thus, the model of managerial skills should lead to efficient management of teams, interpersonal relations, employee development, control system, coordination and assimilation.

**Figure 2.** *Typology of organizational culture and according to Quinn and Cameronn.*



	A	B	C	D
Current state	24	9	21	29
Desired state	50	8	10	23

Source: own study

***TYPOLGY OF CULTURE ACCORDING TO AA KENNEDY T.A. DEAL***

Comparing the above table with Figure 3, it can be concluded that in these organizations there is a type of individualist and routine culture. The culture of individualists or *tough guys* reflects traits such as high risk and quick action. Individual knowledge and individual temperament play a significant role here. She is characterized by aggressiveness, determination, hardness and quick reaction. It is worth mentioning that the key concept that plays a significant role in this case is *chance*. In addition, this culture is characterized by the fact that quickly visible results are developed here, securing survival on the market. The purpose of such activities is rapid promotion and variability of activities.

Table 2. Criteria for the type of cultures.

Criteria		Risk of actions taken	
		BIG	SMALL
Fast feedback	Free	The culture of gamblers	The culture of routine workers
		– high risk of actions	– slowness of feedback
		– free feedback	– low risk of actions
		– costly mistakes	– ad hoc measures
		– great sellers	– effectiveness of interpersonal bonds
		– the great role of communication and personal contacts	– the fragmentation of actions
		– ritual of numerous meetings	– excessive celebration
		– rituals to strengthen motivation	– reluctance to innovate
		– <i>quantity</i> is a value in itself	– the importance of formal items
		– short time horizon	– company protectors in the roles of heroes
Fast feedback	Fast	The culture of individualists	Sustainable culture
		– quick, decisive action	– quick feedback
		– high risk and quick feedback	– importance of hierarchy
		– the large role of temperament and knowledge of the individual	– a large role of prudence and common sense
		– sharpness of the fight, aggressiveness	– the great role of authorities
		– the meaning of <i>chance</i>	– the demand for mentors
		– a ritual protecting against failure and excessive stress	– burning fun elements into action
		– quickly visible results	– high personal activity with low risk of action
– rapid promotion and volatility of activities	– gentleness of manners in business		

**Source:** Compiled own on adapted from A.A. Kennedy, T.A. Deal, Corporate Cultures, Reading Mass, Addison-Wesley

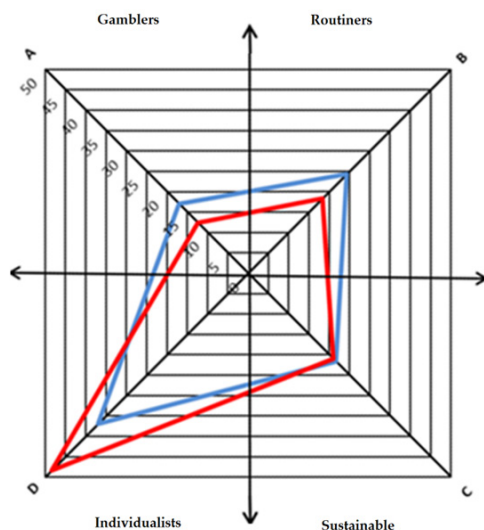
The next thing is the rutinist culture. There is little risk of taking actions in it, thanks to the slowness of the information obtained. Employees are focused on work and what they are judged for. When there are no complaints in the organization, members do not know about their achievements or successes, or even about their lapses. The career is getting slowly and gradually, the hierarchy is followed.



Comes the gambler culture . These are high-risk companies and mistakes can be very costly. In this culture, it is easy to distinguish a so-called hero, such as the worker of the year. The staff is focused on the pursuit of success, it is characterized by a go-getter. Numerous meetings aimed at improving the motivation and effectiveness of activities. There is a great role of communication and personal contacts in it. Then we deal with the so-called sustainable culture. Its values include: quick feedback, importance of hierarchy, great role of prudence and common sense, great role of authorities, great personal activity taking into account the risk of action, and gentle manners in business. Authorities play a fundamental role in a balanced culture.

When characterizing the organization itself, it can be seen that it is more of a closed system, protecting itself from the environment that it poses a threat to.

**Figure 3.** Typology of culture according to A.A. Kennedy T.A. Deal.



	A	B	C	D
Current state	17	24	22	37
Desired state	12	18	21	48

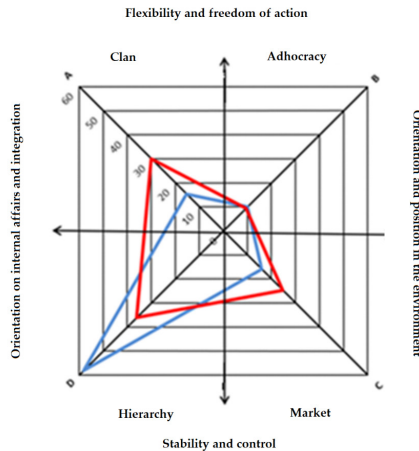
**Source:** own study.

Knowing the types of cultures in a given organization allows you to easily prepare a program of changes aimed at facilitating the path to the desired state of success. The above-mentioned typologies of cultures are designed to facilitate the understanding of the prevailing system functioning in a given organization. The analysis of the organizational culture in Cooperative Banks allows us to look at the processes occurring in the most important areas for its development. These include management, communication and even the motivation and identification of employees with the organization. Thanks to this, it is easy to recognize processes that require improvement and prevent conflicts resulting from ineffectiveness of activities. The type of culture indicated by the respondents in which they would like to work is the culture of individualists, partially eliminating the characteristics of the culture of gamblers and routiners.

### STYLE OF EMPLOYEE MANAGEMENT

In the next question, the respondents were asked to present the desired state and the current state of management in the institution. The results of the research are presented in Figure 4.

Figure 4. Employee management style.



	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
<b>Current state</b>	15	10	16	58
<b>Desired state</b>	thirty	9	25	36

**Source:** own study

After conducting an in-depth analysis of the results of the employee management style, it can be concluded that bank institutions are highly hierarchical and all activities are results-oriented. Leaders pride themselves on being good coordinators and organizers, and the organization's coherence is to be ensured by procedures and regulations. Employee management focuses on job security and predictability. The leader is ruthless and demanding. The main concern is reputation and success. Organization management style is promoting fierce competition and market-oriented approach.

The culture desired by the respondents is to reduce the emphasis on hierarchy and shift towards collaboration. This would entail an increase in the scope of employees' independence, more work in teams from different functional departments, more horizontal contacts, and greater care and recognition of employees.

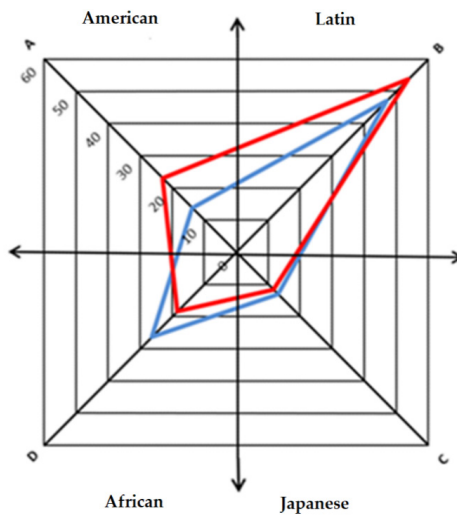
### ***MOTIVATORS ORGANIZATION***

Motivational factors are management instruments that aim to ensure a high level of motivation among employees. They are one of the elements of the staff motivation system. They are a key skill that proves the effectiveness of a manager's work (Herzberg, 1987, p. 109-120) In order to define what motivates people to work in the surveyed entities, the following questions were asked. Do you think the basic motivators of the analyzed organization include:

- A. Willingness to compete, accepting considerable risk, pursuing individual success.
- B. Recognition of formal authorities, extensive hierarchy of structures, job security and stabilization of wages.
- C. Almost feudal putting yourself at the disposal of the company, unquestioningly accepting formalized penalties and remuneration.
- D. Transferring transcendental values (experiences of an individual), hierarchical and caste into the structures of the company.

Based on Figure 5, it can be concluded that the basic motivators of Cooperative Bank are Latin and African motivators. They are characterized by an extensive hierarchical structure, financial stability, job security – Latin motivators (quarter B) and autonomy and independence (quarter D). A feature of shared values in the African system is the hierarchy and the so-called caste (closed social class, belonging to which it is hereditary). In the surveyed banks, employees recognize formal authorities, and the organization is closed. However, it can be seen that the institution strives to obtain the American value system (the desired state is quarter A). Managers say the institution should be more focused on aggressiveness and competition in the market. Take more risks and pursue your own success.

Figure 5. Motivators of the analyzed organization.



	A	B	C	D
Current state				
Desired state				

Source: own study.

## SUCCESS CRITERIA

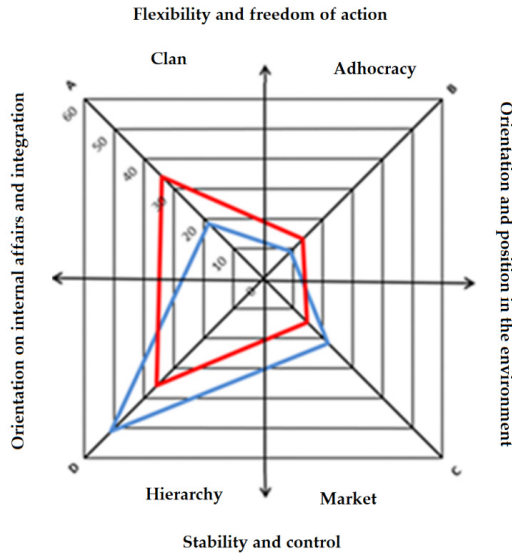
In order to define the success criteria of the surveyed entities, the following question was asked:

- A. The measure of success is the development of human resources, teamwork, employee involvement and care for people.
- B. The measure of success is the production of the most original and innovative products and the achievement of a leading position in the field of innovation.
- C. The measure of success is winning in the market and beating competitors.
- D. The most important thing is to become a market leader.
- E. Efficiency is considered to be a measure of success. The most important are: meeting deadlines and low implementation costs.

When analyzing the data in Figure 6, it can be concluded that, according to the respondents, the current method of managing the goal is primarily operational efficiency. The most important thing is keeping deadlines and low costs of order fulfillment (quarter D). Its aim is to beat competitors and achieve a leadership position (quarter C). This is in line with the profile of organizational culture (Figure 2). In practice, the emphasis is on creating bureaucratic organizations as they guarantee the production of highly homogeneous products and services as efficiently as possible. In these organizations, dividing lines and decision-making centers are clearly visible. Standards and procedures, controls and performance accounting are considered key to success. It can therefore be concluded that the institution of banks is highly formalized, and it is governed by regulations and procedures.

The desired state, however, is the culture of the clan and adhocracy (quarter A and D). In the organization, its current situation should be taken into account, where the measure of success will be the development of staff, teamwork as well as the commitment of its participants. A cooperative bank, as an economic entity, should first of all satisfy the needs of its members, whom it represents, and then focus on generating profit. Cooperative values are difficult to reconcile with fierce competition and rivalry.

**Figure 6.** *Success criteria.*



	A	B	C	D
Current state	18	9	22	51
Desired state	34	13	15	36

Source: own study.

The main goal of the changes should therefore be to strengthen ties among members and achieve a certain sense of responsibility and mission of the organization. The key aspect is to strive to increase the involvement of its members in its activities and to satisfy their needs. This factor is extremely necessary at a time when unanimity among members, awareness of mission and coherence seem to be the key aspects to success and its survival. In essence, cooperative banks should be open, creating conditions for deepening trust in the society and inside the institution.

## SUMMARY AND RECOMMENDATIONS

Knowing the types of cultures in the organization allows you to easily prepare a program of changes aimed at facilitating the path to achieve the desired state of success. The above-mentioned typologies of cultures are designed to facilitate the understanding of the prevailing system functioning in a given organization. The analysis of the organizational culture in Cooperative Banks allows us to look at the processes occurring in the most important areas for their development. These include management, communication and even the motivation and identification of employees with the organization.

The main goal of the cooperative is not to achieve economic profits, but to meet the needs of voluntarily associated members who, through their participation, build a community based on traditions. In cooperatives, there is a collegial, traditional system of decision-making, which is somewhat outdated due to the pace of changes in the closer and more distant environment.

The conducted analysis allowed to conclude that:

1. Cooperative banks must see the changes in the macroeconomic environment as an impulse to further improve their risk management, interest rate and liquidity management systems. Joint actions by cooperative banks and affiliating banks are necessary, aimed at closer integration as well as increased financial solidarity of members.
2. Banks' integrated business models function well abroad (e.g. in Germany and Finland), where it was possible to build and maintain highly developed and effective cooperative banking systems. German or Finnish solutions can be adopted as an example. There, banks are independent entities that make decisions autonomously. They are fully responsible for the risk of the conducted activity and its financial result. Therefore, it remains to determine what role cooperative banks should play in Poland and how they should be managed.
3. The obtained results showed that cooperative banks are characterized by an autocratic style of management, while employees and members of cooperatives are heading towards the clan culture, which is equated with cooperation. It seems that this type of clan culture is more suited to the cooperative form of management. This would involve increasing

- the scope of employees' independence, creating teamwork, greater horizontal contacts, and increasing care for and recognition of employees.
4. The implementation of processes related to the implementation of the necessary changes seems not easy. It requires good leadership skills of managers, a lot of effort and willingness to sacrifice on the part of the members. The main goal of the changes should be to strengthen ties among members and achieve a certain sense of responsibility and mission of the organization. Meanwhile, most managers are focused on aggressiveness and competition in the market. The type of culture indicated by the respondents requires modification consisting in a partial elimination of bureaucracy and an autocratic method of personnel management, reducing the characteristics of the culture of gamblers and routiners.

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